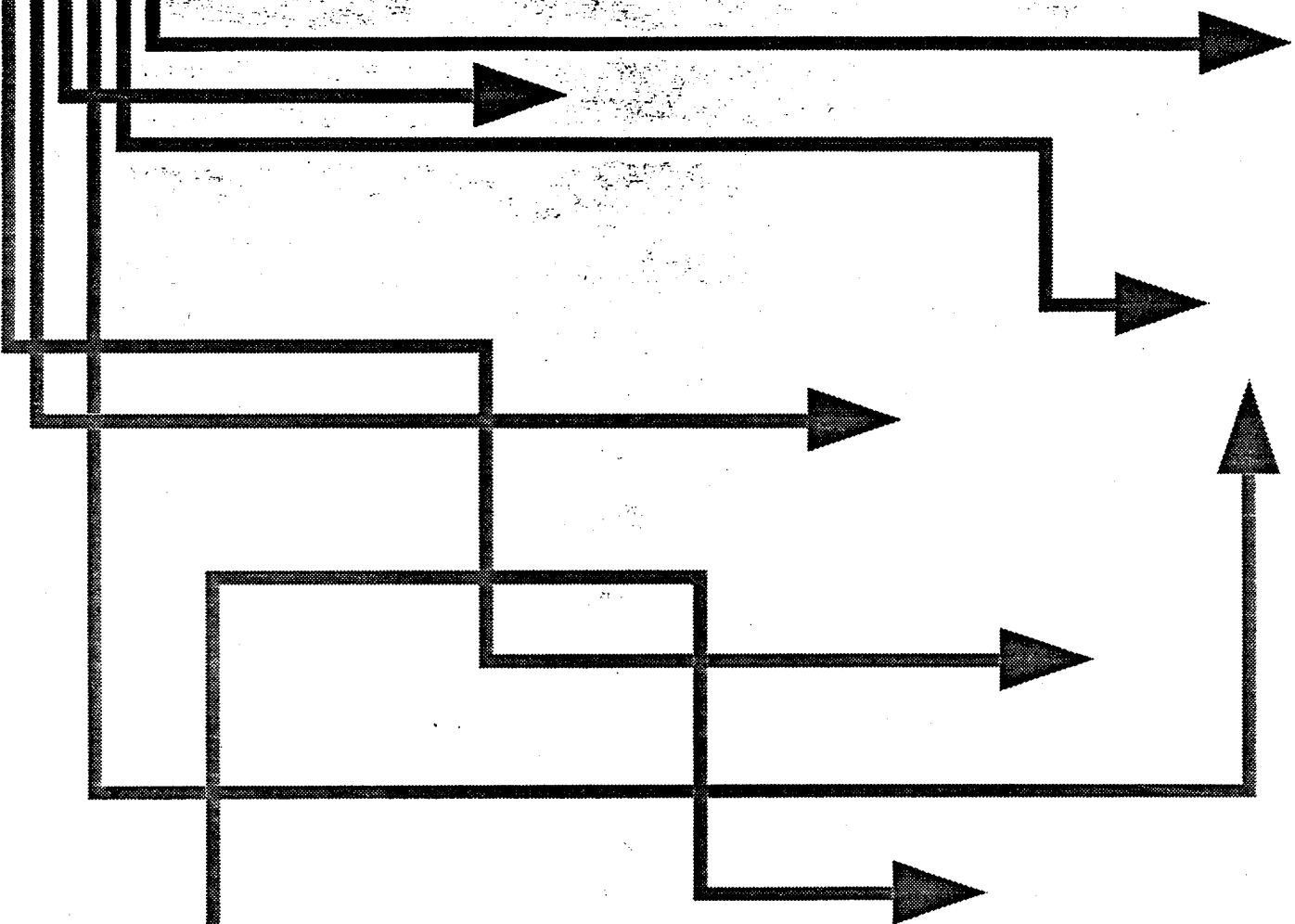


# Logistics Management Manual



Department of Health and Human Services  
Office of Grants and Acquisition Management

## INTRODUCTION

### Overview of Logistics Management in the Department of Health and Human Services

The Department of Health and Human Services (DHHS) is an executive agency of the Federal Government of the United States. Federal Property Management Regulations (FPMR) developed by the General Services Administration (GSA) govern and guide executive agency officials, including those in DHHS, in prescribing regulations, policies, procedures, and delegations of authority pertaining to the management of property and other programs and activities..." within their agencies.<sup>1</sup> The "management of property and other programs and activities" is "logistics." Logistics is more concretely defined as the ordering, receiving, storing, distributing, accounting for, maintaining, and disposing of supplies and equipment. Controlling and synchronizing these and other interrelated processes in order to accomplish DHHS missions and functions is logistics management.

This manual is the DHHS' Logistics Management Manual (LMM). It prescribes policies and procedures that are intended to exert a determining influence on the performance of logistics processes and logistics management within the Department of Health and Human Services and its components.

### The Relationship Between Mission Performance and Logistics Management

The components of the Department of Health and Human Services are responsible for accomplishing a variety of complex and challenging missions and tasks. They are provided resources to accomplish these responsibilities. However, the amount and type of resources they are provided is limited. Because of resource scarcity, a premium is placed on the conservation and creative "stretching" of funds. The prudent management and careful stewardship of scarce resources is an integral part of component missions. Nevertheless, the demand for resources is high and DHHS components must order, acquire, receive, store, transport, distribute, account for, maintain, and dispose of essential equipment, supplies, and services. This manual, therefore, is an important part of the system used by DHHS to control its resources and perform its missions. To most effectively and efficiently carry out its responsibilities, the DHHS must effectively and efficiently manage logistics. A high degree of teamwork and communication between the consumers and providers of

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<sup>1</sup>Code of Federal Regulations, Title 41, Public Contracts and Property Management, Chapter 101, Subchapter A, Part 101, Subpart 101-1.

logistics services is required to do this. This manual is intended to enhance teamwork and communication.

#### **Organization of the Manual**

The Logistics Management Manual is organized into subchapters. The subchapters contain parts, each of which, is limited to one major logistics process. Material was initially developed based on existing laws, executive orders, and mandatory regulations of control agencies. Departmental policies were then incorporated.

The organization of this manual is intended to provide a structure for logistics management while, at the same time, accommodating change and permitting the creative seizing of opportunities presented by new logistics techniques (particularly information technologies). Logistics processes must be constantly modernized to reflect the changing business environment. Sustained progress toward long range organizational goals can be hindered if state-of-the-art logistics practices and procedures are not used.


Currency of material is maintained as legal and policy changes occur, by issuing changes to the manual utilizing the Department's transmittal method for the HHS Staff Manual System.

#### **Applicability**

The material in this manual is applicable to all units of the Department unless otherwise specified.

#### **Authority for Issuance**

Authorities for issuing the HHS Logistics Management Manual are 5 U.S.C. 301, 40 U.S.C.(c), and Chapter 2-500, HHS Organization Manual.

  
Deputy Assistant Secretary for  
Grants and Acquisition Management

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**Subpart 103-1.1 LOGISTICS MANAGEMENT**

**103-1.100 SCOPE.**

This subpart introduces a system by which the Department of Health and Human Services (HHS) carries out and supplements the Federal Property Management Regulations (FPMR) (41 CFR Chapter 101) issued by the General Services Administration (GSA).

**103-1.101 FEDERAL PROPERTY MANAGEMENT REGULATION SYSTEM.**

- A. The Federal Property Management Regulations (FPMR) 41 CFR 101, prescribe the Federal policies, procedures, and delegations of authority on the management of property, and other logistics programs and activities. Proposed changes to the FPMRs are published in the Federal Register. Agencies are provided time to review proposed changes and provide their comments.
- B. The FPMR is issued in looseleaf and bound format.
- C. As a primary source of the guidance contained in this manual, a copy of the FPMR should be kept in all component logistics management activities.

**103-1.102 STATUTORY PROVISIONS.**

Material in this manual is based upon existing laws, executive orders, and mandatory regulations of cognizant agencies.

- A. Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 483(b)) states: "Each executive agency shall (1) maintain adequate inventory controls and accountability systems for property under its control, (2) continuously survey property under its control to determine which is excess property, and promptly report such property to the Administrator, (3) perform the care and handling of such excess property, and (4) transfer or dispose of such property as promptly as possible in accordance with authority delegated and regulations prescribed by the Administrator".
- B. United States Code (31 U.S.C., Money and Finance)  
  
31 U.S.C. 3511(a) The Comptroller General shall prescribe the accounting principles, standards, and requirements that the head of each executive agency shall observe (P.L. 97-258, Sept 13, 1982, 96 Stat. 959).

Public Law 84-863, August 1, 1956, Section 2 requires

that the accounting system of each agency shall include monetary property accounting records (31 U.S.C. 66a(a)).

- C. The Federal Managers Financial Integrity Act of 1982 (FMFIA), Section 2 requires that administrative controls of each executive agency shall be established to provide reasonable assurances that funds, property, and other assets are protected against waste, loss, unauthorized use, or misappropriation.
- D. The Chief Financial Officers Act (CFO) of 1990 (P.L. 101-576) requires that certain activities within HHS prepare auditable financial statements annually. This would include the application of agency asset management systems, and specifically systems for personal property and inventory management and control.

#### **103-1.103 TEMPORARY HHS LOGISTICS MANAGEMENT ISSUANCES.**

The LMM includes manual circulars which are a temporary-type of issuance with a fixed effective duration. Interim instructions may be issued in circular form when time or exceptional circumstances do not allow publication of a final policy. The effective dates of the temporary LMM will be stated on the circular, with conversion to permanent form made as necessary.

#### **103-1.104 PUBLICATION AND DISTRIBUTION.**

- A. Material published in the LMM and manual circulars pertaining thereto will not be published in the Federal Register unless it affects the public. The LMM will be published and issued in looseleaf form or through electronic media for use by HHS' employees.
- B. The FPMR and LMM are available to HHS employees whose responsibilities require them. They should be directed to all levels of management where determinations regarding logistics, including personal property, supply, transportation and warehousing, etc., are considered. Distribution is made to offices that have requested placement on the manual mailing lists. The HHS General Administration Manual describes how to obtain copies, and how to be placed on the mailing list for changes. Each operating division and regional office of the Department has a Directives Distribution Coordinator, to whom requests for manuals and changes may be made. Form HHS-68, Request for Staff Manual Materials and Mailing List Changes is to be used.

- C. All OS, OPDIV, and RO logistics offices shall submit copies of their implementing policies and procedures for logistics management to the Office of Grants and Acquisition Management (OGAM) for review and approval prior to their issuance.

**103-1.104-50 MAINTENANCE OF ISSUANCES.**

- A. Recipients of the FPMR and LMM should file all new material promptly. New policies and procedures requiring implementation or a change in operations should be reported to the appropriate logistics management staff.
- B. Changes or additions to the LMM will be forwarded to recipients with a covering transmittal notice. Each notice will be serially numbered and will specify the material transmitted, material superseded (if any), filing instructions and distribution codes. When appropriate, background information discussing the reasons for the transmittal will be included.
- C. Upon separation or transfer to other Department positions, employees should leave the LMM for successors. In unusual circumstances, an employee may be permitted to retain copies when the need is adequately justified and approved by the component Administrative Officer and Property Management Officer.

**103-1.107 CONSULTATION REGARDING LMM.**

Development of the LMM is accomplished through coordination and participation with the Executive Committee for Logistics (ECL) and those Departmental components having a functional interest in the subject matter.

**103-1.108 HHS IMPLEMENTATION AND SUPPLEMENTATION OF FPMR.**

- A. The LMM implements and supplements the applicable portions of the FPMR.
- B. Material published in the LMM expands upon related material in the FPMR. Supplementing material deals with subject matter not specifically covered in the FPMR. Sections and paragraphs of this manual are cross-referenced to the FPMR where and when appropriate. Cross reference citations are made at the end of sections or paragraphs.

**103-1.109 NUMBERING OF LMM.**

- A. The numbering system used in the LMM conforms to that of the FPMR except chapter number.
- B. A numbering system of .50 or higher is used for parts, subparts, sections or subsections which supplement the FPMR.

103-1.110 DEVIATION/REVISION.

- A. The FPMRS, are applicable to all HHS operating components. They shall not be deviated from except as specifically authorized by the Department.
- B. A deviation is considered to be any of the following:
  - 1. Any policy, procedure, method, or practice inconsistent with that prescribed in this manual.
  - 2. Use or alteration of a Standard Form or HHS Form except as authorized by this manual.
- C. Requests for deviation shall state clearly the nature of the required deviation and the circumstances justifying the deviation.
- D. Requests should be submitted through administrative channels, to the Office of Grants and Acquisition Management (OGAM), ASMB and contain the following information:
  - 1. A statement of the deviation needed, to include specific paragraph number(s) of the LMM or FPMR;
  - 2. The reason(s) for the necessity of the deviation;
  - 3. A statement as to whether the deviation has been requested previously, and, if so, the circumstances of the previous request.
  - 4. A description of the intended effect of the deviation;
  - 5. Period for which the deviation is requested; and
  - 6. Other background information appropriate to explain/support the desired deviation.
- E. After review by the Department, the request for deviation from the FPMR will be forwarded to the

General Services Administration (GSA) for appropriate action or returned for additional information.

- F. In the interest of establishing and maintaining uniformity to the maximum extent feasible, deviations from the LMM shall be kept to a minimum.

**103-1.150 PERFORMANCE MEASURES.**

OS, OPDIV Heads, and ROs shall implement the HHS Logistics Performances Measures to monitor the effectiveness, efficiency, and control of their logistics programs.

**103-1.151 SYSTEMS DEVELOPMENT.**

- A. HHS logistics components contemplating development of or changes to their automated logistics management systems or HHS logistics forms shall first inform the Office of Grants and Acquisition Management. These systems and forms are not to duplicate Department-wide systems unless approved by the OGAM.
- B. Logistics components shall use the performance measures developed for the logistical processes when planning any automated systems (i.e., supply, personal property, transportation, etc.).

**103-1.152 OFFICIAL USE OF GOVERNMENT PROPERTY.**

- A. No employee of the Department shall use or authorize the use of Government property for other than official purposes. Each Departmental component shall maintain an effective personal property accountability and control system that is according to the requirements of this manual.
- B. The penalty for misuse of government property is:  
18 U.S.C. 641:

"Whoever embezzles, steals, purloins, or knowingly converts to his use or the use of another, or without authority, sells, conveys, or disposes of any record, voucher, money or thing of value of the United States or of any department or agency of it; shall be fined not more than \$10,000 or imprisoned not more than ten years, or both; but if the value of property does not exceed the sum of \$100, he shall be fined not more than \$1,000 or imprisoned not more than one year, or both." (18 U.S.C. 641)

- C. Employee misuse of a Department vehicle is subject to disciplinary action which may range from a suspension of one (1) month or, up to and including, removal from Government employment (31 USC 1349).

**103-1.153 OTHER REFERENCES.**

- A. TITLE 18 USC, Section 641, on the Care and Protection of Government Property.
- B. FEDERAL ACQUISITION REGULATION (FAR), which prescribes the policies and procedures for the acquisition of supplies and services with appropriated funds.
- C. FEDERAL INFORMATION RESOURCES MANAGEMENT REGULATION (FIRM), specifically Part 201-33 (Reuse of Automatic Data Processing Equipment), which prescribe policies and procedures for the reuse of ADPE in the Federal Government.
- D. DEPARTMENT OF HEALTH AND HUMAN SERVICES, GENERAL ADMINISTRATION MANUAL, establishes the organization, responsibilities, and functions of the Department.
- E. PROCEDURES FOR THE USE OF PROCUREMENT CREDIT CARDS MEMORANDUM, dated December 15, 1989, which establishes the Department's policy and procedures for credit card purchases of \$25,000 or less. (Refer to LMM 103-26 and 103-27 for further information concerning control and accountability of credit cards).
- F. DEPARTMENT ACCOUNTING MANUAL, which provides guidance regarding accounting principles, standards, and related requirements for agencies to use in development of their accounting systems and internal auditing programs.
- G. DEPARTMENT OF HEALTH AND HUMAN SERVICE ACQUISITION REGULATION (HHSAR), issued as Chapter, Title 48, the Federal Acquisition Regulations System, which established uniform acquisition policies and procedures within the Department.

**103-1.154 GLOSSARY.**

Incorporated in this manual as an appendix is a glossary of logistics terms. Definitions are not a part of the text unless considered essential for comprehension of a specific subject.

Subpart 103-1.49 -- ILLUSTRATION OF FORMS AND EXHIBITS

103-1.4900 SCOPE.

- A. Subparts that end with the number .49 are used to illustrate U.S. Government Standard Forms whose numbers are preceded by a SF; General Services Administration forms whose numbers are preceded by GSA; and Departmental forms and exhibits whose numbers are preceded by HHS. However, where appropriate within the manual to enhance clarity, a few HHS forms and exhibits illustrate text in subparts that do not end with the number .49.
- B. Most HHS forms either mandatory or optional, are illustrated and explained with the applicable subject matter in the various subparts of the manual.



**Subpart 103-1.50 -- AUTHORITIES AND RESPONSIBILITIES**

**103-1.5000 SCOPE.**

This part establishes authorities, roles, and responsibilities within the HHS as they pertain to the planned acquisition, the efficient utilization, physical/automated property systems accounting, and the appropriate disposition of personal property including the management of supply, aircraft, motor vehicles, and transportation and traffic management.

**103-1.5001 POLICY.**

It is HHS policy that each OS, OPDIV, and RO establish and support logistics management functions in their organization and ensure that the logistics functions meets program needs economically and efficiently, according to applicable Federal statutes, regulations and the LMM.

**103-1.5002 GENERAL.**

The objectives of the HHS logistics management program are to provide:

- A. A system for effectively managing Government personal property and supplies in the custody or possession of HHS organizations, HHS contractors, and grantee organizations.
- B. Uniform principles, policies, standards, and procedures for economical and efficient management of Government personal property that are sufficiently broad in scope and flexible in nature to simplify adaptation to local needs and various kinds of operations. These include:
  1. Effective planning and scheduling of logistics requirements to assure that supplies, equipment, and transportation are available to serve operations while also maintaining inventory levels at the lowest practicable level.
  2. Assurance through leadership and direction that HHS will:
    - a. Obtain maximum utilization of property for official purpose only.
    - b. Maintain adequate inventory levels and accountability records and controls.

- c. Avoid unnecessary costs of acquisition by ensuring utilization of existing property has been considered prior to acquisition.
- d. Care for property through proper preservation, preventive maintenance, handling and storage.
- e. Assure that property is available for reassignment to HHS components and other Government activities when such property is no longer required for existing or pending projects or programs.
- f. Inspect new property to assure receipt of proper quantities in acceptable condition, and that it complies with specifications and standards.
- g. Submit logistics management reports as required.
- h. Conduct periodic management reviews of logistics activities, including internal control reviews under the FMFIA program for determining compliance with prescribed policies and regulations, and the need for guidance or training. The reviews shall be conducted by qualified personnel preferably assigned positions not directly accountable or responsible for the property in the area reviewed.

**103-1.5003**

**DELEGATIONS OF AUTHORITY.**

- A. Certain logistics management functions are formally assigned to one person and one person only under a specific grant of authority such as law, executive order, or regulation. These responsibilities and authorities often cannot be reassigned or delegated to another individual. Under these circumstances the specific individual is directly accountable for accomplishing the duties for which he or she is explicitly empowered and responsible. Other logistics management responsibilities, however, are assigned in a less formal, more flexible fashion. In either situation, in order to eliminate delay, avoid unnecessary involvement by successive levels of management, and to facilitate mission performance, it is desirable to assign/delegate logistics management responsibilities and authorities to the lowest practicable organizational level - that is the level where the work is most effectively and efficiently performed.

Delegations should be reviewed biannually and updated if necessary. Accordingly, specific redelegations of the authority vested in the Secretary and the Assistant Secretary for Management and Budget are made to Administrative Services Center, OS, Heads of Operating Divisions, and Regional Directors. In HHS Regional Offices, the logistics management function is the responsibility of the Regional Director who has redelegated the task through the Regional Administrative Support Center to the Division of Administrative Services for the logistics management functions listed in 103-1.5000. The authority to prescribe and issue Departmental policies, regulations, and procedures for logistics management will not be redelegated and remains solely within the jurisdiction of the Assistant Secretary for Management and Budget, Office of Grants and Acquisition Management.

- B. Chapter 8-100 of the HHS General Administration Manual states the policy and procedure applicable to the delegations of authority and responsibility.

**103-1.5004      REDELEGATIONS.**

- A. Delegated authority should be redelegated to the lowest practical level commensurate with the assignment of responsibility unless redelegation is prohibited. The delegating official may restrict further redelegation as he/she deems appropriate.
- B. Redelegations of authority shall be in writing over the signature of the official delegating the authority; shall specify the authority delegated; and shall conform with Chapter 8-100 of the HHS General Administration Manual.
- C. Redelegations of authorities by regional program representatives shall be exercised according to the policies and procedures of the respective regional offices.

**103-1.5005      PRIMARY AUTHORITY AND RESPONSIBILITY.**

Pursuant to delegation from the Secretary, the Assistant Secretary for Management and Budget (ASMB) has the authority and primary responsibility for providing direction, leadership, and general supervision in the development and administration of an effective and efficient logistics management system through:

- A. The establishment of Departmental policies and procedures satisfying the requirements of law, regulations, and sound management practice.
- B. The review, oversight, career development and training, evaluation and improvement of logistics management programs, functions, operations, and procedures throughout the Department.
- C. Deciding the necessity for, and making the appropriate recommendation to the Secretary regarding the use of Government-owned or controlled motor vehicles between home and place of employment by officials and employees of the Department.

**103-1.5006 OFFICE OF GRANTS AND ACQUISITION MANAGEMENT.**

The Office of Grants and Acquisition Management (OGAM), ASMB is responsible for developing, promoting, monitoring, administering, coordinating, and evaluating the Department-wide logistics management program and shall:

- A. Develop and maintain Departmental logistics management policies, standards and procedures;
- B. Develop and publish Departmental issuances relating to logistics management;
- C. Represent the Department with GSA and other agencies on matters relating to logistics management;
- D. Submit consolidated Departmental reporting to GSA, Congress, and other Federal agencies, as required;
- E. Provide staff assistance to Departmental organizations performing logistics management functions;
- F. Develop logistics performance measures, provide training, information and procedures to help Departmental organizations in managing vital programmatic logistics resources.
- G. Conduct reviews and appraisals of Departmental personal property, supply, and transportation management functions.

**103-1.5007 EXECUTIVE COMMITTEE FOR LOGISTICS (ECL).**

The Executive Committee for Logistics (ECL) is responsible through the Assistant Secretary for Management and Budget and the

Deputy Assistant Secretary for Grants and Acquisition Management to help in executing the primary responsibilities for logistics management assigned to the Secretary. The ECL has specific responsibility to help in the planning, development and distribution of information for Department-wide logistics management. The ECL is chaired by the senior logistics officer on the staff of the Assistant Secretary for Management and Budget. Members are the incumbents of the senior logistics positions within the HHS components along with a regional representative. The positions held by ECL members are normally the heads of administrative areas which would include logistics management (i.e. Director, Office of Management Services, Director, Division of Logistics Services, Director, Administrative Services Center, etc.)

**103-1.5008 HEADS OF OPERATING DIVISIONS.**

The heads of Operating Divisions (OPDIVS) have an inherent responsibility to manage all assets under their jurisdiction. Specifically, they are responsible for:

- A. The effective administration and maintenance of an accountability and control system that encompasses all assets within the OPDIV. The control system shall be consistent with the requirements of this manual and shall be uniformly applied throughout the OPDIV.
- B. The establishment of a Management Control Plan that ensures management's accountability at each echelon and provides optimum protection against fraud, waste, misuse, and abuse of Government property during the receipt, use, movement, maintenance, and disposal of equipment.
- C. OS, OPDIV Head's and RO's (except the Public Health Service (PHS) which may designate Property Management Officers at the PHS component level), will formally appoint a Property Management Officer (PMO). The PMO is the individual who has the knowledge, position and authority to account for the effective control of acquisition, use and disposal of personal property. The PMO of each Departmental component should make program management officers aware of the need to keep him/her fully informed of program objectives and changes affecting logistics management. The PMO is responsible for coordinating his/her analysis of program needs directly with the personnel responsible for the various segments of the total operation such as property accountability, supply, motor vehicle/aircraft, and transportation/traffic management.

**103-1.5009      RESPONSIBILITIES OF PROPERTY MANAGEMENT OFFICERS  
(PMO).**

Property Management Officers are the officials assigned to operate logistics management organizations. Property Management Officers are generally not involved in the day-to-day operational activities of property, supply, motor vehicle, and transportation management staff. Their actions and those of their employees are to support the execution of the responsibilities assigned to the Property Management Officer. They work with other members of the activity to coordinate the planning and utilization of property to assure effective and economical service in meeting operational needs. Their responsibilities include the following:

- A. Providing leadership, and guidance in the proper accounting, utilization, care, and disposal of property;
- B. Assuring the development of requirements for property based on a determined need within the program objectives;
- C. Deciding the condition of property regarding its serviceability and repairability;
- D. Requiring board-of-survey action according to instructions contained in the LMM;
- E. In addition, where their supervisor's jurisdiction encompasses one or more property accountable areas, assuring, through staff leadership and technical assistance, that prescribed property accountability and property custodial records are maintained and that controls on property are made known;
- F. Assuring that property accountability records are reconciled by periodic inventories of property;
- G. Establishing and policies and procedures satisfying the requirements of the LMM and the various laws and regulations referenced therein;
- H. Providing administration and maintenance of an effective property accountability and control system within the accountable area for which they have been designated property management officer;
- I. Ensuring that proposed acquisitions are reviewed for satisfying requirements through potential reutilization

or required source methods and application of use standards (See 103-25.3)

- J. Ensuring the establishment, training, and maintenance of the logistics management network comprised of Property Accountable Officers (PAOs), Property Custodial Officers (PCOs), Property Utilization Officers, Supply Management Officers, Transportation Officers, and Boards of Survey;
- K. Ensuring that review, study, evaluation, and improvement of the logistics program, functions, operations and procedures are carried out;
- L. Providing technical advice and assistance to components on matters pertaining to logistics management and serving as the point of reference with the Department and external agencies on logistics matters;
- M. Developing and implementing inventory schedules for components, monitoring inventory progress, and providing assistance to support headquarters activities;
- N. Ensuring that required reports are provided;
- O. Delegating in writing, a Property Accountable Officer (PAO) to account for and control personal property assigned within his/her jurisdiction;
- P. Designating in writing, a Property Custodial Officer to assist the PAO in accounting and controlling personal property in his/her custodial area.
- Q. Implementing procedures for the orderly repair and rehabilitation of property;
- R. Functioning as the coordination point for reutilization and disposal of excess personal property which includes providing property staff with disposition instructions in accordance with the FPMR; and
- S. Ensuring that excess personal property is deleted from the property accountability control system.
- T. Assisting component management in the development and operation of internal control systems and ensuring their compatibility with Departmental programs and policies.

- U. Coordinating with the Directors, Division of Administrative Services in the regional offices on all matters pertaining to effective management and control of OPDIV personal property located in the regional offices.

**103-1.5010 RESPONSIBILITIES OF PROPERTY ACCOUNTABILITY OFFICERS (PAO).**

Property Accountability Officers, as needed and designated by a PMO, are responsible for:

- A. Ensuring effective administration and maintenance of a property accountability and control system within the accountable area for which they have been designated.
- B. Determining that the definition of custodial areas within the accountable area; recommending the designation, of a Property Custodial Officer for each custodial area; ensuring that Property Custodial Officers have current records of the property for which they are responsible; that physical inventories are taken; that property is protected and maintained; and that survey reports for lost, damaged, or destroyed property are promptly prepared and processed.
- C. Sharing joint responsibility with the component Financial Management Officer for personal property reports, and as necessary, in reconciling personal property accounting records and financial accounting records.
- D. Providing reports as necessary to provide indicators of status, success, and/or weaknesses in the property management program.

**103-1.5011 RESPONSIBILITIES OF SUPPLY MANAGEMENT OFFICERS.**

The Supply Management Officer is the principal official appointed by the Property Management Officer and is responsible for providing functional management, leadership and assistance in the implementation of an effective supply management program including:

- A. Ensuring that procedures related to this manual are developed, implemented and maintained.
- B. Managing the component supply management system in accordance with this manual and financial management policies.

- C. Determining items to be designated for control in a supply management system.
- D. Designating storage areas and supply points which provide for the preservation and protection of supply inventories.
- E. Sharing joint responsibility with Financial Management Officer for supply fiscal reports, and as necessary, in reconciling inventory records and financial records.
- F. Ensuring that the component management is kept advised of significant supply matters.
- G. Assisting component management in the development and operation of internal control systems and ensuring their compatibility with Departmental programs and policies; and
- H. Conducting reviews and assessments of materials inventory management activities and reporting findings, facts and trends to appropriate component management officials.

**103-1.5012      TRANSPORTATION AND TRAFFIC MANAGEMENT OFFICER.**

The Transportation and Traffic Management Officer is designated by the Property Management Officer and has responsibilities for all phases of freight transportation and traffic management. The Transportation and Traffic Management Officer is responsible for:

- A. Interpreting, adapting, and implementing Federal traffic and transportation regulations through development of policies and procedures, and directives designed to establish an effective freight transportation and traffic management program.
- B. Developing specific guidelines for packing, crating, and consolidation of shipments to assure safe and economical transit to destinations.
- C. Maintaining a close liaison with Federal regulatory agencies, carrier representatives and HHS program personnel to accomplish the required objectives of the transportation and traffic management program.
- D. Considering type and purpose of each shipment, handling required to meet speed and convenience requirements, carrier dependability and ability to render special services, etc.

- E. Recommending alternatives for movement of freight to meet emergency situations such as time limits, breakdowns in carrier schedules, excessive temperature variations, etc.
- F. Studying and analyzing of the many factors that affect traffic management services; e.g., tariffs, rates, and routes, carriers' operating practices and equipment, freight movement patterns, safety requirements, shipping facilities, packing and loading methods, and receiving functions.
- G. Investigating cases of lost or damaged shipments, processing of claims for loss, damage, excessive charges, etc., and negotiation with carriers for settlement.
- H. Evaluating, analyzing and consolidating report data.

**103-1.5013      DEPARTMENT FLEET MANAGEMENT  
OFFICER.**

The Department Fleet Manager in the Office of Grants and Acquisition Management is responsible for establishing and monitoring the Departmental motor vehicle program, including developing adequate accounting and reporting of motor vehicles.

The component Fleet Manager is designated by the component Property Management Officer and is responsible for:

- A. Implementing HHS policy and direction;
- B. Developing and implementing local policy guidance to the organization's local motor vehicle managers;
- C. Providing advice and guidance to the organization's local motor vehicle managers;
- D. Investigating reports of vehicle misuse;
- E. Analyzing vehicle usage to assure maximum economies are achieved; and
- F. Reviewing local vehicle operations to assure FPMR and Department requirements are carried out.

**103-1.5014      RESPONSIBILITIES OF PROPERTY CUSTODIAL OFFICERS  
(PCO) .**

The PCO is designated by the Property Management Officer or other established authority for the immediate physical custody of all personal property under their control. The designation as PCO may or may not correspond to the individual's official job title. The PCO is responsible for:

- A. Maintaining current custodial records for all in-use accountable personal property within their assigned custodial area.
- B. Initiating or processing documents affecting accountability or custody of equipment. Ensuring that all movement of accountable and non-accountable personal property into or out of the custodial area is documented, and that documentation is provided to the PAO.
- C. Continuing surveillance to ensure that property is accorded proper maintenance and protection, and is used only for official purposes.
- D. Identifying and reporting to the PAO any property which is not required for use in the custodial area.
- E. Ensuring that property determined to be missing is promptly reported to the security office.
- F. Ensuring the prompt submission of a Report of Survey for Lost, Misused, Damaged, or Destroyed Property.
- G. Assisting the component property management office in the taking of a physical inventory and conducting his/her own personal physical inventory when deemed appropriate.
- H. Assisting in exit clearance procedures to ensure that all assigned property is accounted for;
- I. Conducting periodic utilization surveys to ensure compliance with prescribed use standards and to screen for unrequired property;
- J. Ensuring that additions, transfers, and deletions are fully supported and entered on the personal property control system in a timely manner;

The Director of each Regional Administrative Support Center (RASC) will formally appoint the Director, Division of Administrative Services as the Regional Property Management Officer (RPMO). A copy of the appointment shall be forwarded to the OS functional manager for logistics, the Director, Administrative Services Center (ASC), ASMB. The RPMO is the individual appointed within each RASC who has knowledge, stature, authority, and accountability required to control and provide periodic assurance that the logistics management actions of the components, including regional Operating and Staff Divisions, in the respective regions are being correctly performed.

In addition, the RPMO shall provide status reports to the Director, ASC, to assure that logistics management actions of the components in the respective region are being performed correctly. RPMOs are responsible for the following logistics functions:

- A. Implementing, administering, and maintaining the logistics management program within the region.
- B. Supporting the region's logistics management network, comprised of PAOs, PCOs, Boards of Survey, and coordinating the regions logistics activity.
- C. Training the region's PAOs, PCOs, and Boards of Survey, and providing assistance as necessary.
- D. Submitting paperwork for excess property, which has been approved as excess by a component, to the General Services Administration.
- E. Managing the regional automated property system and control the assignment of bar code labels or other identifiers to personal property items.
- F. Scheduling inventories and utilization walkthrough surveys, monitoring inventory progress, providing guidance and assistance as required, and reporting the status of inventories to the Director, ASC, ASMB.
- G. Reviewing the acquisition process to assure compliance with regulations pertaining to supply sources and to maximize the use of excess property.
- H. Developing and maintaining logistics management operations procedures.
- I. Submitting annual reporting requirements to the Director, ASC.

**103-1.5016      BOARDS OF SURVEY AND SURVEY  
OFFICERS.**

PMOs, having been delegated the authority by OPDIV heads to appoint, either permanently or on an as-required basis, Boards of Survey (BOS) consisting of three or more members or a Survey Officer to review and investigate incidents involving loss, damage, misuse, or destruction of Government property. The Board of Survey or Survey Officer will also determine any financial liability for such property and provide authorization for removal of items from official property records. Procedures and actions to be taken are found at "Report of Survey System", LMM 103-27. Responsibilities of the BOS include:

- A. Investigating circumstances surrounding the reported loss, theft, damage, or destruction of personal property;
- B. Providing recommendations regarding proposed cannibalization, scrap, salvage, abandonment or destruction of personal property having a unit acquisition cost of \$1,000 or more;
- C. Determining if reported loss, damage or destruction of Government property was the result of employee negligence, misconduct or reckless disregard for the property and providing findings and recommendations of employee liability to the appropriate line managers;
- D. As appropriate, forwarding reports with findings and recommendations to legal and investigative offices for further review and action

**103-1.5017      RESPONSIBILITIES OF CONTRACTING OFFICERS AND  
GRANTS MANAGEMENT OFFICERS.**

- A. Contracting Officers in coordination with the component logistics office shall assure that all contracts that involve property contain the applicable Federal Acquisition Regulation (FAR) property clause; and assure that contractors' property control systems are reviewed, appraised, and approved as provided in FAR 45.104.
- B. Grants Management Officers shall ensure that any Government property acquired by a commercial organization under an HHS grant or cooperative agreement is administered in the same manner as

contractor held property. (See HHS Grants Administration Manual and CFR 45 Part 74).

**103-1.5018 HHS EMPLOYEES.**

Each HHS employee who has use of, supervises the use of, or has control over Government property is responsible for that property. The responsibility may take either or both of the following forms:

- A. Supervisory responsibility, in which an officer-in-charge, an administrative officer, or supervisor is obligated to establish and enforce necessary administrative and security measures to ensure proper preservation and use of all Government property under his/her jurisdiction.
- B. Personal responsibility, in which each employee of the Department is obligated to properly care for, use, and protect Government property issued, assigned or loaned to for the employee's use at or away from the office or station. Employees shall notify their property custodial officer and/or property management activity when property is lost, stolen, damaged, or destroyed.

**103-1.5019 REMOVING PROPERTY FROM HHS OFFICES.**

All employees will follow component internal procedures for removing Government property from Government offices.

**103-1.5020 RESPONSIBILITIES FOR DEPARTMENTAL REPORTING.**

- A. Reports are an integral part of logistics management and provide managers with indicators of the status, success or weaknesses in the program. Unless otherwise directed within this manual, or other Departmental reference, required recurring logistics reports listed in the Reports Calendar at LMM 103-1.5021 shall be received by the Office of Grants and Acquisition Management, ASMB on time, and as required. The Property Management Officer is responsible for the Personal Property Reports. Report information, formats, and instructions are reflected in the report references.
- B. The RO's shall submit the logistics reports to the Director, Administrative Services Center for consolidation and submission to the Office of Grants and Acquisition Management.
- C. Consolidated Departmental reporting, as required by the FPMR, shall be done by a single submission from Office of

Grants and Acquisition Management, ASMB using as a base, the reports submitted according to LMM 103-1.5021.

**103-1.5021 LOGISTICS INITIATIVES REPORT.**

- A. Each OS, OPDIV head, and RO shall submit a Logistics Initiatives Report to the Office of Grants and Acquisition Management by November 30 in an original and one copy. The report shall include any property, supply, aircraft, motor vehicles, transportation or other related logistics initiatives.
- B. Instructions on content will be issued prior to or early in the fiscal year being reported.

**103-1.5022 LOGISTICS REPORTS CALENDAR<sup>1</sup>**

DEPARTMENTAL DUE DATE	REPORT TITLE	REFERENCE
Nov. 1	Precious Metals Reclamation	101-45.1002-2
Nov. 15	Utilization and Disposal of Excess and Surplus Personal	101-43.4701(a)
Nov. 15	Inventory of Accountable Personal Property	103-27
Nov. 30	Logistics Initiatives Report	103-1.5011
Dec.1	Report of Motor Vehicle Data	101-38.9
Dec. 1	Government-owned Property Held by Contractors	103-60
Dec. 1	Government-owned Property Held by Grantees	103-60
Dec. 1	Loan of Personal Property	103-27
Dec. 1	Schedule and Status of Physical Inventories for Personal Property	103-27
Dec. 15	Exchange/Sale of Personal Property	101-46.305
Dec. 15	Property Furnished to Non-Federal Agencies	101-43.4701(c)
Jan. 1	Contract/Rental/Charter Aircraft Cost	101-37.507

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<sup>1</sup>Refer to HHSMMM 103-27 for information on personal property accountability reports until policy coverage is finalized in this manual.

Subchapter E -- SUPPLY AND PROCUREMENT

Part 103-25 - SUPPLY

Section  
103-25.000      Scope

Subpart 103-25.1 -- GENERAL POLICIES

- 103-25.100      Use of Government Personal Property and Nonpersonal Services
- 103-25.100-1    Employee Responsibility
- 103-25.101      Criteria for Determining Method of Supply
- 103-25.102      Exchange or Sale of Personal Property for Replacement Purposes
- 103-25.103      Promotional Materials, Trading Stamps and Bonus Goods
- 103-25.104      Acquisition of Office Furniture and Office Machines
- 103-25.106      Servicing of Office Equipment
- 103-25.107      Guidelines for Requisitioning and Proper Use of Consumable Low Cost Items
- 103-25.109      Laboratory and Research Equipment
- 103-25.150      Determination of Personal Property Requirements
- 103-25.150-1    General
- 103-25.150-2    Development of Requirements
- 103-25.150-3    Planning and Scheduling Acquisition
- 103-25.150-4    HHS Metric Program
- 103-25.151      Acquiring Property
- 103-25.151-1    Borrowing Property/Use of Privately Owned Property
- 103-25.151-2    Use of Government-Owned Property at Employee Residence
- 103-25.151-3    Renting Property
- 103-25.152      Sources of Supply

Subpart 103-25.2 -- INTERAGENCY PURCHASE ASSIGNMENTS

- 103-25.201      General

Subpart 103-25.3 -- USE STANDARDS

- Section
- 103-25.301      General
- 103-25.301-50   Responsibilities of Property Management Officers for use standards
- 103-25.301-51   Pooling equipment
- 103-25.302      Office furniture, furnishings, and equipment
- 103-25.350      Emblems, flags, and symbols
- 103-25.350-1    Purpose
- 103-25.350-2    Flag of the Secretary

- 103-25.350-3 Flags of the Deputy Secretary and Assistant Secretaries
- 103-25.350-4 Flag of the Public Health Service
- 103-25.350-5 Variations
- 103-25.350-6 Acquisition
- 103-25.350-7 Disposition of Flags
- 103-25.351 Motor vehicles
- 103-25.351-1 General
- 103-25.352 Availability of sedans and limousines
- 103-25.353 Refrigerators
- 103-25.353-1 Furnishings for personnel quarters
- 103-25.355 Protective clothing and equipment
- 103-25.357 Safes, vaults, and other depositories
- 103-25.358 Potentially hazardous products

Subpart 103-25.4 - REPLACEMENT STANDARDS

- 103-25.401 General
- 103-25.401-50 Replacement criteria
- 103-25.401-51 Exceptions to replacement standards
- 103-25.401-52 Operating plan for replacement of equipment

Subpart 103-25.5 -- GUIDELINES FOR MAKING PURCHASE OR  
LEASE DETERMINATIONS

- 103-25.501 General

Subpart 103-25.49 -- ILLUSTRATION OF FORMS

**Subpart 103-25.1 -- GENERAL POLICIES**

**103-25.000 SCOPE.**

This subchapter implements and supplements FPMR Subchapter E, Supply and Procurement. It contains policies about the general area of supply management designed to support the logistical programs of the Department.

**103-25.100 USE OF GOVERNMENT PERSONAL PROPERTY AND NONPERSONAL SERVICES.**

Government-owned or leased property in the control of the Department shall not be used for any purposes other than in the performance of work of the Department, except in emergencies threatening loss of life or property, or as may be authorized by law. Emergency is defined in the FPMR. See also LMM 103-26.103-1.

**103-25.100-1 EMPLOYEE RESPONSIBILITY.**

Each employee shall be held responsible for the proper use and protection of any property that may come into his/her custody or control. No employee shall appropriate for personal use any article of Department property, including that property which has been ordered abandoned or destroyed.

**103-25.101 CRITERIA FOR DETERMINING METHOD OF SUPPLY.**

Criteria have been established by the General Services Administration that govern the selection of methods of supply that are to be used. These criteria are applicable to all executive agencies. They are specifically defined in FPMR 101-25.101. Methods prescribed are: storage and issue; consolidated purchase for direct delivery to use points; indefinite quantity and requirement contracts; and local purchase.

**103-25.102 EXCHANGE OR SALE OF PERSONAL PROPERTY FOR REPLACEMENT PURPOSES.**

If property is eligible for exchange/sale (trade-in or reimbursable sale), agencies shall review this option as a means to reduce general expenditures. However, the use of exchange/sale authority is limited to certain categories of property (ADPE, vehicles, office equipment and scientific equipment). It does not apply to furniture or office supplies and should be considered as only one factor within the total context of acquisition decision-making.

**103-25.103      PROMOTIONAL MATERIALS, TRADING STAMPS AND BONUS GOODS.**

Promotional materials that are received as a result of official business are the property of the Government, except unsolicited advertising or gifts of nominal value (e.g., pens, pencils, note pads, calendars, etc.) which can be accepted by Departmental employees (See CFR 735.202 (b)(4)). Other materials, such as rebates, merchandise, or similar material will be given into the custody of an administrative official designated by the head of the OPDIV.

Any questions concerning the acceptance of these materials, gifts, etc. should be referred to the appropriate Ethics Counselor.

The material mentioned above may be accumulated and forwarded to the Public Health Service/Indian Health Service Hospitals/Clinics for recreational activities of patients served by those institutions.

Travel bonuses should be forwarded to the travel unit of the component's financial management activity.

**103-25.104      ACQUISITION OF OFFICE FURNITURE AND OFFICE MACHINES.**

Maximum use of redistribution, repair and rehabilitation will be made to meet needs before the acquisition of new office furniture. Property management offices shall validate each requisition to decide if suitable items are available from the unrequired inventory in other HHS components. Property management offices shall circulate the Standard Form 120, Report of Excess Personal Property and/or lists of usable unrequired property to Department components. Further guidance may be found in LMM 103-43.

**103-25.106      SERVICING OF OFFICE EQUIPMENT.**

When deciding office machines are to be serviced by using an annual maintenance contract, justification supporting this decision shall be approved by the component Administrative Officer in coordination with the Property Management Officer. Property management offices are encouraged to maintain equipment history information so that it can serve as a factor in making the determination. A copy of the approved determination shall be made part of the purchase order file in the office arranging for the service. Guidelines for annual maintenance contracts or per call arrangements are contained are FPMR 101-25.106. The local

servicing procurement office shall be consulted for assistance in this area.

**103-25.107 GUIDELINES FOR REQUISITIONING AND PROPER USE OF CONSUMABLE LOW COST ITEMS.**

Consumable and low-cost items in the inventory are also subject to inventory record and accounting controls. The HHS Guide for Inventory Control and Accounting provides additional guidance on consumable low-cost items. The guide can be obtained from the OS-Materiel Management Branch in Room G322A, Switzer Building.

**103-25.109 LABORATORY AND RESEARCH EQUIPMENT.**

Effective procedures will be applied in managing laboratory and research equipment. HHS components shall establish controls as appropriate to ensure redistribution or reporting to GSA of idle equipment.

**103-25.150 DETERMINATION OF PERSONAL PROPERTY REQUIREMENTS.**

This section provides general policies governing the development of personal property requirements and determination of need.

**103-25.150-1 GENERAL.**

- A. OS, OPDIVS, and RO's shall limit the quantity and quality of property to be acquired to the minimum necessary for effective and efficient performance of assigned functions and responsibilities.
- B. Determination of property needs and utilization of property is the responsibility of Property Management Officers working with Program Managers.
- C. The determination of requirements for supplies, materials, and equipment shall be governed by standards established for use and replacement of items. When standards do not exist, they shall be developed and applied locally.

**103-25.150-2 DEVELOPMENT OF REQUIREMENTS.**

- A. To achieve efficient program operations, it is essential that equipment and supplies necessary to support the operations are on hand when required. To this end the planning of equipment and supply requirements should be done concurrently with program operations planning, both immediate and long range.

- B. Requirements determination will provide the basis for development of the budget estimates of funds needed for material to support the planned objectives.

**103-25.150-3 PLANNING AND SCHEDULING ACQUISITIONS.**

- A. In the interest of providing equipment and supplies when needed and avoiding peak loads in purchasing and contracting, the responsible procuring activity in coordination with Property Management Officers are responsible for informing Program Managers and Project Officers of the necessity to provide sufficient lead time when placing requisitions to enable Purchasing Agents and Contracting Officers to schedule and obtain property in an efficient and orderly manner. Once funds are available, requirements should be filled; requirements should not be allowed to accumulate until the last two quarters of the fiscal year.
- B. End of the year requirements for acquisition of property from GSA sources of supply shall conform to the funding restrictions as stated in the FPMR 101-26.104.

**103-25.150-4 HHS METRIC PROGRAM.**

When planning for procurement solicitations, components are required to use the metric system of measurement, or a dual system stating both metric and inch-pound units, in all procurement documents where measurements are required unless such use would be impracticable or would likely cause significant inefficiencies or lost markets to United States firms. Refer to HHS Chapter 8-25, General Administration Manual (GAM) for Departmental policies, procedures, and responsibilities for implementing the Metric Conversion Act of 1975.

**103-25.151 ACQUIRING PROPERTY.**

It is the responsibility of the Property Management Officer to use the most efficient means to meet the needs of the Program Manager. Careful consideration must be given to the following possible means of supply: loan, transfer, rental, or purchase. Priority in the use of supply sources which are listed in 103-25.152 will be followed.

**103-25.151-1 BORROWING PROPERTY/USE OF PRIVATELY OWNED PROPERTY.**

- A. Borrowing property from the private sector or use of privately owned property by the Government is discouraged.

Such practice often leads to claims against the Government for damage to, or loss of, the borrowed or privately owned property. It may raise questions concerning augmentation of appropriation conflicts of interest and unfair favors or advantage in receiving contracts or grants.

- B. Property is authorized for acceptance as a loan on behalf of the Department only when:

The property is not otherwise available to the borrowing activity and is necessary to: maintain essential functions of the Department; enable personnel to discharge their duties; and the appearance of which does not create a conflict of interest or unfair competitive advantage.

- C. Records are to be established to provide control over borrowed or privately owned property.
- D. Personal property obtained by loan from components within the Department or from other Government agencies will be repaired when necessary to place it in as good a condition as when borrowed and allowing for fair wear and tear, unless otherwise agreed upon at the time of the loan. Such expenses will be charged to appropriations available to the borrowing agency.
- E. Repair of privately owned property shall not be made at Government expense.

**103-25.151-2 USE OF GOVERNMENT-OWNED PROPERTY AT  
EMPLOYEE RESIDENCE.**

Components may place equipment such as computers and telecommunications equipment, etc. in their employees' homes while retaining ownership and control of hardware, software, and data. All Government provided equipment is for official business and employees are prohibited from using such equipment for private purposes. HHS is responsible for maintaining and repairing such equipment. Other criteria to follow are:

- A. Assure that proper safeguards and instructions have been provided to the employee to preclude abuse or misuse of equipment.
- B. Determine benefits of allowing employee to use equipment away from the office versus the cost to the component of the physical loss or damage to the equipment; the compromise of data stored within; and the potential liability.

- C. Consult the FIRMR for policies to Federal agencies on end user computing off site (see FIRMR Bulletin 30).
- D. Document all equipment assigned to an employee that is to be used at home on form HHS-439, "Personal Custody Record" or alternative documentation approved by the OGAM. The documentation shall be placed in the components property records file. Also a properly completed form OF-7, "Property Pass" or similar internal form shall be executed each time the equipment leaves the office.
- E. Components shall also consult with their local procurement office to determine if there are any restrictions (i.e. site license agreements).
- F. The following is additional guidance:
  - 1. Privacy Act of 1974 (P.L. 93-579)
  - 2. HHS Automated Information Systems Security Handbook
  - 3. Computer Security Act of 1987 (P.L. 100-235)
  - 4. Computer Abuse Amendments of 1990 (P.L. 98-473)
  - 5. Computer Virus Eradication Act of 1988
  - 6. Circular A-123, Internal Control Systems
  - 7. Circular A-130, Management of Federal Information Resources
  - 8. U.S. Copyright Act of 1980 (17 USC)

**103-25.151-3 RENTING PROPERTY.**

Items of personal property will be rented when it is in the best interests of the Government to do so. For example, when:

- A. The property cannot otherwise be obtained.
- B. The need for the property is temporary and it is not practical or possible to borrow from another HHS component or other Government agency or its purchase would not be economical.
- C. Known obsolescence warrants rental (Example: rapidly changing technology in copying and automatic data processing equipment).

**103-25.152 PRIORITIES FOR USE OF GOVERNMENT SUPPLY SOURCES.**

- A. HHS components shall satisfy requirements for supplies and services from or through the sources and

publications listed below in descending order of priority as prescribed in the FPMR at 101-26.107:

1. Supplies.

- (i) Agency inventories;
- (ii) Excess from other agencies
- (iii) Federal Prison Industries, Inc
- (iv) Procurement lists from the Committee for Purchase from the Blind and Severely Handicapped
- (v) Wholesale supply sources, such as stock programs of the PHS Supply Service Center, GSA (see 101-26.3), the Defense Logistics Agency (see 101-26.6), Department of Veterans Affairs (see 101-26.704, and military inventory control points;
- (vi) Mandatory Federal Supply Schedules
- (vii) Optional use Federal Schedules
- (viii) Commercial sources (including educational and nonprofit institutions).

2 Services.

- (i) Procurement lists of services from the Committee for Purchase from the Blind and Severely Handicapped;
- (ii) Mandatory Federal Supply Schedules and mandatory GSA term contracts for personal property rehabilitation;
- (iii) Optional use Federal Supply Schedules and optional use GSA term contracts for personal property rehabilitation
- (iv) Federal Prison Industries, Inc. or other commercial sources (including educational and nonprofit institutions).

- B. Sources other than those listed in (A) above may be used as prescribed in 101-26.301 and in an unusual and compelling urgency as prescribed in 101-25.101-5.

**Subpart 103-25.2 -- INTERAGENCY PURCHASE ASSIGNMENTS**

**103-25.201      GENERAL.**

This subpart prescribes policy for interagency purchase assignments within the Executive branch of the Government.

- A. Normally GSA will make purchases and contracts regularly for articles and services for the Executive branch of the Government in the interest of lower prices, improved quality, and service.
- B. A designated Federal agency, however, will exclusively make purchases and contracts as in (A) above when it has been decided that the participating agency is best equipped to do so. For example, the Defense Logistics Agency buys petroleum and subsistence products for other Agencies.
- C. Items or services may be purchased independently by HHS when such articles or services are not assigned to GSA or another executive agency for purchasing or contracting.
- D. The industrial funding program managed by GSA provides latitude to purchase goods or services from sources other than the GSA Supply Catalog, which are at the lowest price. For example:
  - 1. When a total value of a line item requirement is less than \$100, procurement from other sources is authorized.
  - 2. When total value of a line item requirement is \$100 or more, but less than \$1,000, procurement from other sources is authorized: Provided, that written justification is prepared and placed in the procurement file.
  - 3. When the total value of the line requirement is \$1,000 or more, but less than \$5,000, procurement from other sources is authorized: Provided, that written justification is prepared following the paragraph (2), above.

**Subpart 103-25.3 -- USE STANDARDS**

**103-25.301 GENERAL.**

Among the management responsibilities of Property Management Officers is the necessity to develop viable use standards for application throughout the organization. Use standards are tools used by management to obtain at all levels of operation, the best balance between property assets and property needs. Use standards are criteria for deciding when, and in what quantity, certain types of property are authorized for use. Besides the use standards prescribed in FPMR 25.3, components should, whenever practicable, develop meaningful use standards for property under their control. This subpart does not apply to federal information processing (FIP) resources, (formerly known as ADPE) which is covered in the FIRM (41 CFR Chapter 201).

**103-25.301-50 RESPONSIBILITIES OF PROPERTY MANAGEMENT OFFICERS FOR USE STANDARDS.**

Property Management Officers are responsible for:

- A. Application of established use standards when determining needs for personal property.
- B. Development of appropriate and cost effective use standards for personal property without established standards.
- C. Providing the lowest cost equipment adequate for a task and insuring effective utilization of property through the application of use standards.
- D. Promptly redistributing as excess all items of property that do not meet use standards and are determined to be unrequired for the needs of the accountable area.

**103-25.301-51 POOLING EQUIPMENT.**

- A. Each component of the Department shall establish equipment pools and sharing programs to the maximum extent possible to reduce procurement and increase utilization, including, but not limited to, such items as:
  - 1. Engineering, laboratory, and scientific research instruments and associated equipment.
  - 2. Instruments for measuring, controlling, and showing physical characteristics.

3. Optical instruments.
  4. Transcribing, duplicating, calculating, typing, automatic data processing, and audiovisual equipment.
  5. Motor vehicles.
- B. Equipment pools will be developed from:
1. Unrequired property.
  2. Property not fully used by one laboratory or office.
  3. New equipment, when there is recurring needs in several activities and it would be economically feasible.

**103-25.302 OFFICE FURNITURE, FURNISHINGS, AND EQUIPMENT.**

- A. To comply with GSA space reduction requirements and reduce facility requirements, HHS components shall use systems or modular type furniture to the maximum extent possible when relocating to new or different work space. Components shall establish a single point for coordination, evaluation and approval of systems furniture requirements. Refer to the GSA bulletin (currently E-220), which provides a method to evaluate costs of systems furniture over conventional furniture.
- B. Components shall use a prototype system (numbers of panels, work surfaces etc.) that will provide information regarding the layout of each office or cubicle. Also, components shall keep on hand an inventory listing of materials for any add-on or reconfiguration of existing systems furniture.
- C. Component logistics offices may establish their own criteria for the use of office furniture, furnishings, and equipment. Such criteria shall be in consonance with the provisions of FPMR 101-25.104 pertaining to office furniture and equipment and shall be limited to the minimum essential requirements as established by the head of the component. New furniture will not be purchased unless the property management component has found that no suitable furniture exists in excess or is available from a property rehabilitation program. Open market purchase will not be made unless there is a written determination that GSA does not have a suitable item.

- D. Beyond use in administrative offices, office furniture and furnishings may be provided for use in laboratories, clinics, wards, diagnostic rooms and in other non-administrative areas where there is a demonstrated need for items of this nature. Office furniture such as desks, tables, etc., shall not be substituted for benches or other equipment for which technical or specialized fixtures or equipment may be obtained. Use of office furniture and furnishings in other than administrative areas do not change their categorization as office furniture and furnishings. The least expensive items of standard metal, wood, or renovated furniture available from the General Services Administration shall be obtained when excess or unrequired property is not available.
- E. Limitation on Expenditure for Presidential Appointees' Offices. GSA has set a \$5,000 limit on expenditures to furnish or redecorate (purchase furniture or make improvements) for Presidential appointees' offices. The areas covered by the limitation includes, but is not limited to Presidential appointees' conference rooms, waiting rooms, and immediate staff offices. The limitation applies during the appointee's term of office. Questions can be directed to the Division of Special Programs Coordination, ASC/OS.
- F. Items of office equipment, used only occasionally, should be pooled following 103-25.301-52 and made available to HHS programs as necessary.



**103-25.350      EMBLEMS, FLAGS, AND SYMBOLS**

**103-25.350-1    PURPOSE.**

This section provides authority and policy for the acquisition, display, and disposal of emblems, indoor flags and symbols, also for acquisition and disposal of flags acquired for outdoor display, and criteria for proper positioning of all flags, as required U.S.C. Title 36, Section 175.

- A. The United States flag, Departmental flag and a plastic reproduction of the HHS Seal, are authorized for display by OPDIV heads, RO's, major field installations, Food and Drug Administration offices, in the auditorium and main conference room of the principal administration building at headquarters and at similar locations for Departmental activities in the field. At installations where the HHS is the sole occupant of the building, these flags and seals are also authorized for display in the main lobby. In addition, at Indian Health Service Hospitals and clinics operated or owned by a tribal organization, the tribal flag is authorized for display with the United States flag.
- B. A plastic reproduction of the HHS Seal is authorized for display in areas where display of the HHS flag is not authorized, but where display of the seal is desirable because of the presence of the public.

**103-25.350-2    FLAG OF THE SECRETARY.**

The flag of the Secretary is authorized for indoor display in:

- A. The immediate office and conference room of the Secretary.
- B. In any conference room, auditorium, or other location where an official meeting is being conducted and the Secretary is the principal speaker. The Secretary's flag will not be displayed in other Department offices, conference rooms, auditoriums, or other locations when the Secretary is not present.

**103-25.350-3    FLAGS OF THE DEPUTY SECRETARY AND ASSISTANT SECRETARIES.**

The flags of the Deputy Secretary and Assistant Secretaries are authorized for indoor display as follows:

- A. In their immediate offices and conferences rooms.

- B. In any conference room, auditorium, or other location where an official meeting is being conducted and they are the principal speakers. Flags of the Deputy Secretary and Assistant Secretaries will not be displayed in other Department offices, conference auditoriums, or other locations when they are not present.

"Assistant Secretaries", as used in this subpart, includes Heads of major operating activities such as the PHS, SSA, etc.

**103-25.350-4    FLAGS OF THE PUBLIC HEALTH SERVICE.**

Public Health Service Officials who are entitled to flags denoting their departmental rank, may continue to display these flags in lieu of the Department flag. For additional information relative to display of flags of the PHS, see the PHS Commissioned Corps Personnel Manual.

**103-25.350-5    VARIATIONS.**

Requests for authority for the display of indoor flags or seals under circumstances other than authorized in this subpart shall be submitted in writing to heads of OS, OPDIV or Regional Offices. Such requests shall fully describe the proposed use of flags or seals, location and size of installation (e.g., number of employees).

**103-25.350-6    ACQUISITION.**

- A. Components of the Department shall obtain U.S. Flags and stands according to FPMR 101-26.3.
- B. Components shall obtain Department flags, and plastic reproductions of the Department seal by submitting a stock requisition, Form HHS-393, to the Materiel Management Branch, Administrative Services Center, ASMB following internal instructions. A statement shall be made on the HHS-393 certifying that display of the Department flag and/or seal is authorized according to LMM 103-25.350.

**103-25.350-7    DISPOSITION OF FLAGS.**

Whenever the United States flag, Department flag, or a flag of an official denoting his/her departmental rank is soiled, torn, or no longer usable, it shall be turned in to the component property management office, of the using activity, who will decide the condition and make proper disposal by burning or other approved methods to assure against misuse of the flag. If the using

component finds that a flag has some historical significance, a request shall be sent to the historical office at the headquarters office of the component, recommending retention or disposition other than destruction. The request shall provide all acts and circumstances to support the recommendation concerning retention or other disposition of the flag. Flags may be provided to departing officials, provided a substitute flag is purchased without cost to the government. See also LMM 103-43.



**103-25.351      MOTOR VEHICLES**

**103-25.351.1    GENERAL.**

OS, OPDIVs, and Ro's shall limit the use of motor vehicles to the minimum required to carry out authorized programs. They shall meet requirements by using the GSA Interagency Fleet Management System (IFMS) to the maximum practical extent. Passenger vehicles may be purchased or leased only if legislative authority exists.

**103-25.352-2    AVAILABILITY OF SEDANS, AND LIMOUSINES.**

Motor vehicle policy is set forth in FPMR 101-38 and LMM 103-38. Unless justified to the Department Fleet Manager, OGAM, only Class I and II passenger vehicles will be acquired for use by Department employees. Requests for larger than Class II (compact) with justifications required by FPMR 101-38.1-2 must be prepared by component Fleet Managers. If approved, the Department Fleet Manager will then certify the need to GSA.

**103-25.353      REFRIGERATORS.**

- A. Components should refer to the use standards for all types of refrigerators contained in the Department of Veterans Affairs (DVA) Catalog No. 3, section VIII.
- B. Explosion proof refrigerators approved by the Underwriters' Laboratories or other nationally recognized testing laboratories, will be used for temporary storage of flammable liquids and volatile solvents.
- C. All nonexplosion proof refrigerators assigned for use at facilities will be distinctly labeled in a conspicuous place as follows: "NOT FOR THE STORAGE OF FLAMMABLE LIQUIDS."

**103-25.353.1    FURNISHINGS FOR PERSONNEL QUARTERS.**

- A. Housekeeping quarters will be equipped with smoke detectors, a cooking stove, a refrigerator and where not installed, kitchen cabinets and a medicine cabinet. Items essential to the protection or maintenance of housekeeping quarters may also be furnished. Such items are:
  - 1. Fireplace equipment (andirons, tools, screens).

2. Doormat.
3. Rods, curtain or drapery.
4. Waste receptacles (outside use only).

NOTE: Carpeting (wall-to-wall) or rugs and rug cushions are authorized for use only in the living room, dining room, den, library, combination living and dining areas, bedrooms, hall and stairways, and in kitchens and bathrooms when deemed necessary by the Facility Director.

- B. Besides the quarters specified in the paragraph (A) of this section, housekeeping quarters, when available, may be equipped with furniture and furnishings to fit married residents, assigned on a continuing rotating schedule. Items furnished will be limited to those needed to provide a reasonable degree of livability and will be obtained from excess sources when possible.
- C. Furniture and furnishings presently assigned to housekeeping quarters may, when necessary, be repaired, if the immediate or cumulative cost of such repairs, including labor and material, shall not exceed 55 percent of the cost to replace the item. The Facility Director will, under any of the circumstances cited in this paragraph, have all furniture and furnishings not authorized by this section removed from housekeeping quarters when:
  1. The quarters are vacated and it is found that the condition and quantity of the furniture are such that the quarters may not be considered adequately furnished.
  2. The incoming occupant of the quarters requires less than 50 percent of the furniture.
  3. The Facility Director decides that the quarters will be rented at the unfurnished rate.
- D. Furniture should be used to upgrade similar furniture in other housekeeping quarters, or used elsewhere at the facility. Items not used will be disposed of following personal property utilization and disposal procedures.

Department policy for acquisition and use of protective clothing and equipment is stated in Chapter 8-10, HHS Safety Management Manual. Regulations about uniforms are stated in Part II HHS General Administration Manual.

**103-25.357      SAFES, VAULTS, AND OTHER DEPOSITORIES.**

Safes, vaults, and other depositories are authorized for safeguarding funds, controlled substances, ammunition, hazardous materials, alcohol, precious metals and other sensitive items. Safes, vaults and other depositories shall be locked always even when in use.

**103-25.358      POTENTIALLY HAZARDOUS PRODUCTS.**

- A. GSA issues Safety Alerts on potential or actual hazardous items under its contracts. Other Government agencies may issue notices of hazardous products under their jurisdiction. Also, manufacturers may issue warnings or recalls on their products. Also, the Government-Industry Data Exchange Program (GIDEP) issues "Non-Conforming Products Notices" that include Alerts, Safe-Alerts, and Problem Advisories.
- B. Upon receipt of these alert notices the OGAM will forward the notice to the components through the Executive Committee for Logistics with instructions for carrying out the required action. The original notice will be retained in the OGAM file.
- C. Components will establish written procedures to comply with the instructions in safety alerts and/or remove hazardous products from the facilities. Staff should coordinate with their procurement and/or environmental/safety offices to carry out effective removal of any hazardous product. Refer also to 103-42.2.

**Subpart 103-25.4 -- REPLACEMENT STANDARDS**

**103-25.401      GENERAL.**

Effective and economical replacement of personal property requires the same coordinated planning and scheduling for the program officers, procurement, and property management personnel as is required to establish the initial requirement. To ensure that funds are available for timely replacement of property, the PMOs in each component, along with the Program Officers should develop and maintain a plan for the replacement of equipment. This plan will provide input for the budget process.

**103-25.401-50    REPLACEMENT CRITERIA.**

- A. A decision to replace a piece of equipment must comply with the following conditions:
1. Continued use of the item does not conform to existing equipment use standards.
  2. The cumulative cost of repair exceeds the economical repair limits prescribed and would not extend the useful life of the equipment beyond the normal replacement period. Repair/replacement limits prescribed in FPMR 101-25.4 are generally applicable to all equipment.
  3. The new item will serve the same or similar purpose as the replaced item and the replaced item has been carried on and will be retired from the asset account. The item being replaced should be used as a trade-in or sold following the exchange/sale provisions of FPMR 101-46. When replaced property is considered for sale by GSA or the activity, a cost/benefit analysis should be performed to find if the expected sales proceeds would exceed holding costs. Replaced property will not be retained by the HHS component under any circumstances.
  4. The replacement of such items as motor vehicles, office machines, furniture, and materials handling equipment conforms to specific provisions for such equipment contained in FPMR 101-25.4 and can be used for planning for your budget and supporting a justification for a new acquisition.
  5. Continued use of the item is a safety hazard, which cannot be economically corrected.

- B. Items may be retained for use although standards allow replacement, provided the items can be used or operated without excessive maintenance cost or substantial reduction in trade-in value.
- C. The determination that an item should be replaced involves the following considerations:
  - 1. The operating requirements of the using service.
  - 2. The advice and recommendations of technical repair personnel on the feasibility of repairs.
  - 3. The application of repair and replacement criteria.
  - 4. The availability of funds.

**103-25.401-51 EXCEPTIONS TO REPLACEMENT STANDARDS.**

- A. Field activity requests to replace an item that does not meet the specific item replacement standards must be approved by the Director of the servicing procurement activity in coordination with the appropriate component official.
- B. Written justification by the official requesting the replacement item is required when:
  - 1. Replacement is made before the expiration of the useful life of the item.
  - 2. Replacement is made of property found in a used-good or better condition including property that has reached its replacement date.

**103-25.401-52 OPERATING PLAN FOR REPLACEMENT OF EQUIPMENT.**

- A. As necessary, logistics management components shall initiate and assist administrative and budget offices by reviewing the property records during the second quarter of each fiscal year to learn the items due for replacement during the next budget year based on life expectancy. Replacement planning and budgeting for major equipment systems on long lead times, should be initiated at least two years prior to the year in which replacement is needed.
- B. Items shall be evaluated to decide if there is sufficient useful life remaining to continue the item in use beyond the established replacement date without excessive repair and maintenance costs, or material reduction in trade-in value.

The replacement year in the property record shall be updated to the year replacement is rescheduled.

C. Components will establish replacement costs for use in budget projections and coordinate this information during the budget submission process for the next budget year. Besides the current contract price of an item such costs shall include:

1. Installation costs and
2. Transportation charges.

**Subpart 103-25.5 -- GUIDELINES FOR MAKING PURCHASE OR  
LEASE DETERMINATIONS**

**103-25.501      GENERAL.**

See FPMR 101-25.5 for guidelines when determining whether acquisition of equipment acquired will be by purchase or by lease. Separate guidelines for automatic data processing equipment and telecommunications equipment are contained in the FIRM and the HHS Information Resources Management Manual.



**Subpart 103-25.49 -- ILLUSTRATION OF FORMS**

See FPMR 103-25.49, the HHS Forms Catalog, and the appropriate HHS Logistics Procedural Guides for illustration of forms. The HHS Forms Catalog and Procedural Guides may be obtained from the Materiel Management Branch, ASC, Room G322A, Switzer Building.



SUBCHAPTER E - SUPPLY AND PROCUREMENT

Part 103-26 PROCUREMENT SOURCES AND PROGRAMS

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**Part 103-26      PROCUREMENT SOURCES AND PROGRAMS**

**Subpart 103-26.1      GENERAL**

**103-26.100      SCOPE.**

This subpart provides general policy guidance concerning procurement of lowest cost items from GSA supply sources.

**103-26.100-1      PROCUREMENT OF LOWEST COST ITEMS.**

- A. When the item(s) required are available from the PHS Supply Service Center, GSA or DLA and Federal Supply Schedule (FSS), the source having the lowest cost item which serves the required purpose (functional end use) will be used. Wherever possible, a single order for total requirements will be placed with either GSA Customer Service Center (CSC), Defense Logistics Agency (DLA), or the Federal Supply Service (FSS) contractor. Normally in purchasing items from GSA and DLA, the administrative costs will be substantially less when acquired by means of a FEDSTRIP requisition, than those incurred through FSS purchases.
- B. Refer to FPMR 101-26-1 and FPMR Amendment E-268 for information on "Sources of Supply for Goods and Services." This information provides clarification and guidance on current policies for using GSA supply sources.
- C. Refer to FAR Subpart 25.105.

**103-26.100-2      REQUESTS FOR WAIVERS.**

- A. Requesting offices shall request a waiver from the use of priority sources, including the Federal Prison Industries (FPI), and GSA stock or schedule items, as specified in current FPMR regulations, and terms of the contract.
- B. In cases where a waiver has been denied by GSA or FPI, a component believes the denial is unreasonable, or is not being timely processed, the OGAM should be contacted for guidance or assistance.

**103-26.100-3      WARRANTIES.**

Items or services obtained from GSA that requires corrective action according to an included warranty, shall be processed as

stated in FPMR 101-26.100-3 also to insure that a warranty will be honored:

- A. Records of warranty data are to be maintained.
- B. Property Custodians and end users must know warranty periods and provisions.
- C. Warranty provisions are reviewed before approving the repair of personal property to decide if the terms apply.

**103-26.102 SPECIAL BUYING SERVICES.**

GSA will, upon request of HHS offices and operating units, do purchasing services for items in quantities above those contained in GSA catalogs and Federal Supply Schedules, on either a national or regional basis. HHS requests for this service shall emanate from the applicable HHS procurement organization.

**103-26.103 ESTABLISHING THE NEED FOR REQUIREMENTS.**

See FPMR 103-26.103.

**103-26.103-2 RESTRICTIONS ON PERSONAL CONVENIENCE ITEMS.**

- A. After review and approval by the head of the component administrative activity, appropriations may be expended for work related programs, consistent with the agency mission, but not for the personal convenience of an employee. Government funds may be expended for:

Pictures, objects of art, and plants for common-use corridors or lobbies when approved by the agency head or designee.

- B. Appropriated funds will not be expended for:
  - 1. Beverages (including coffee or tea) and related equipment and supplies for offices, office reception areas, or conference rooms.
  - 2. Radios, refrigerators, microwave ovens, televisions, general interest newspapers or magazines, or voice amplification equipment designed for use with telephones, unless:
    - a. The individual or staff cannot be required to perform regular duties without the item(s) and,

- b. The item(s) acquired will be used with regular duties and not merely in emergencies or at infrequent intervals.
3. Paperweights, ashtrays, plaques or similar items for distribution as public relations or mementos of cooperation.
4. Business (calling), seasonal or greeting cards.
5. Bottled drinking water, unless it is shown that available water is detrimental to the health of Government employees.

**103-26.106 CONSOLIDATION OF REQUIREMENTS.**

Every effort will be made to consolidate small volume requirements when lower prices are available in the market place for larger volume procurement. This policy does not apply to GSA stock items and items obtained from GSA Customer Supply Centers (CSCs). CSCs are designed to support small requirements at the local level by permitting simplified ordering via phone, mail, walk-in, or by using the U.S. Bankcard (credit card) issued to Federal agencies by GSA. The CSCs stock items such as office supplies, janitorial supplies etc.

**103-26.107 PRIORITIES FOR USE OF SUPPLY SOURCES.**

Priorities for supplies and services shall be obtained and used in the order shown in FPMR 101-26.107.

**103-26.150 PROCUREMENT LEAD TIMES.**

Procurement lead times in calendar days of commodities by Federal Supply Classification are contained in FPMR 101-26.4801 and FAR 17.1. These lead times should be used to estimate delivery dates of items purchased by GSA following LMM 103-26.102.

**103-26.151 INTERAGENCY AGREEMENTS.**

Instructions on the use of HHS agreements, governing the acquisition of supplies and services from Federal agencies other than GSA, are contained in the HHS Procedural Guide, Inventory Control and Accounting, and in FAR Subpart 17.5.

**103-26.152 USE OF GSA SUPPLY SOURCES BY HHS CONTRACTORS.**

Contractors working on a cost reimbursement basis are permitted to use GSA supply sources and services in the support of such contracts. In addition, a cost reimbursement contractor cannot transfer procurement authorization to a third party leasing company to use GSA sources of supply and services, unless the leasing company has an independent authorization to use GSA contracts. Refer to FAR Subpart 51.1.

**103-26.153      USE OF GSA SUPPLY SOURCES BY HHS GRANTEES.**

Except for the acquisition of excess personal property, HHS grantees are ineligible to use GSA sources of supply and services. Excess property may be provided to grantees only under the special conditions stated in FPMR 101-43.314.

**103-26.154      REVIEW OF REQUISITIONS.**

All properly approved requisitions for new equipment and furniture shall be forwarded by the components to their PMO, or his/her designee, who shall:

- A. Attempt to furnish all or part of the item(s) from the priority sources of supply including unrequired/excess or rehabilitated sources.
- B. Certify on the requisition that the equipment was not available from the priority sources and forward the requisition to the procurement activity for processing. If unrequired/excess or rehabilitated property is available and not used, justification for not using it shall be documented and made part of the purchase file. The use of a stamp, initials, or other form of acknowledgment of review by the PMO (or his/her designee) is sufficient compliance.

**103-26.155      RECEIVING REPORTS.**

- A. HHS components shall establish effective procedures to ensure that the receiving office, upon acceptance of accountable personal property, notifies (in a timely fashion) financial, property, and procurement management offices to hasten payment and the processing of administrative records.
- B. Receiving documents shall, at a minimum, include the following information:
  - 1. Signature of the accepting official.
  - 2. Date of receipt.

3. Complete description of the item(s), including:
  - a. Manufacturer's name.
  - b. Serial number(s)
  - c. Barcode/Decal number.
  - d. Final location (custodial) of the item.
4. Partial or complete delivery notation.
5. Defects or damage notation.



**Subpart 103-26.2 -- FEDERAL REQUISITIONING SYSTEM**

**103-26.200 SCOPE.**

This subpart prescribes a uniform requisitioning and issue system for use in obtaining supplies and equipment from GSA, Department of Defense (DOD) and Department of Veterans Affairs (DVA) sources.

**103-26.201 GENERAL.**

- A. The Federal Standard Requisitioning and Issue Procedures (FEDSTRIP) system will be used to requisition items from GSA, Department of Defense (DoD) and the Department of Veterans Affairs (DVA).
- B. The GSA handbook, "FEDSTRIP Operating Guide" prescribes the methods for obtaining supplies from GSA, DoD and VA.
- C. Federal Supply Service (FSS) personnel at each GSA regional office will help agency field activities concerning FEDSTRIP actions.
- D. An additional source of information on the types of supplies and services provided by GSA is the Multi-Use File for Interagency News (MUFIN). This is an on-line computerized information system. The GSA, Customer Assistance Guide provides information on using the system.

**103-26.202 ACTIVITY ADDRESS CODES (AAC).**

Authority for activity address codes necessary for completion of single line FEDSTRIP Form 1348 or multi-line requisitions shall be obtained by the requiring component from the OS, OPDIV or RO head. Each component shall maintain records for those individuals authorized the use of activity address codes.

**Subpart 103-26.3 -- PROCUREMENT OF GSA STOCK ITEMS**

**103-26.300 SCOPE.**

This subpart sets forth the policy governing the procurement of items stocked by GSA.

**103-26.301 APPLICABILITY.**

- A. All HHS components shall requisition requirements of GSA stock items from GSA Customer Supply/Distribution Centers. For procedures refer to FPMR 101-26.3 and FPMR Amend. E-268 "Sources of Supply for Goods and Services" provides guidance on current policies for using GSA supply sources.
- B. While GSA is not a mandatory source of supply for items in the GSA Supply Catalog when an individual requirement is below \$100, it is Departmental policy to requisition stocked items from GSA, when time and circumstances permit, if cost savings will occur. Requirements shall not be split to avoid requisitioning from GSA.

**103-26.301-1 SIMILAR ITEMS.**

When an operating component decides that items available from GSA stock will not serve the required functional end-use purpose, a request for waiver to use other sources of supply shall be processed following LMM 103-26.100-2 and FPMR Amend. E-268.

**103-26.303 OUT-OF-STOCK ITEMS.**

Before commercial acquisition of out-of-stock items normally obtained from GSA, ordering activities shall:

- A. Ask the earliest estimated delivery date of the prime item required.
- B. Explore the availability of substitute items.

**103-26.309 CANCELLATION OF ORDERS OF GSA STOCK ITEMS.**

Discretion will be used in canceling low dollar value orders since it is costly and interferes with normal order processing.

**103-26.310 ORDERING ERRORS.**

HHS components may return, for credit, stock items ordered in error if the return meets the following provisions:

- A. The items have been offered on an intra-agency (reimbursable or nonreimbursable) basis as excess, and;
- B. The items have been offered on an interdepartmental (reimbursable) basis for the same amount offered by GSA. In this regard, agency PMOs will inform Departmental counterparts of all items being considered for return to GSA and the amount of reimbursement required.



**Subpart 103-26.4 -- PURCHASE OF ITEMS FROM FEDERAL  
SUPPLY SCHEDULE (FSS) CONTRACTS**

**103-26.400 SCOPE AND APPLICABILITY.**

This subpart covers the mandatory and non-mandatory Federal Supply Schedules and their exceptions, use of the National Credit Card, security equipment, lowest price procurement, multiple award schedules, and price reductions in Federal Supply Schedule items during a contract period.

**103-26.401-2 PRIMARY SOURCE OF SUPPLY CONCEPT.**

HHS components will follow the stipulations in the Federal Supply Schedules (FSS) which require activities in designated geographical areas to make purchases under specific contracts.

**103-26.403 PERFORMANCE AND DEFAULT UNDER FEDERAL SUPPLY  
SCHEDULE CONTRACTS.**

HHS elements will deal directly with Federal Supply Schedule contractors in ordering, making payments, deciding whether items or services meet contract terms, and arranging for inspections, (unless the schedule provides for GSA inspection) delinquent performance, contract disputes, default declaration of the contractor by HHS or GSA, and reporting failures to collect excess costs (unless the schedule provides for GSA inspections). HHS elements may arrange for inspection assistance by GSA where specifications and technical descriptions are involved.

**103-26.403-2 INSPECTION.**

Inspection and acceptance of items under Federal Supply Schedules shall be conducted according to the FPMR. When source inspection is not provided by GSA, ordering offices are responsible for inspection and acceptance as specified in FAR Subpart 8.405-3. At a minimum each acquisition shall be inspected for proper identity, quantity, and shipping damage before acceptance.

**103-26.405 AUTOMATIC DATA PROCESSING EQUIPMENT.**

Refer to FAR, Part 39, FIRM, HHSIRMM in addition to FPMR 101-26.405 covering the procurement of automatic data processing equipment (also known as federal information processing equipment (FIP)), software, maintenance services and supply. When any differences exist between the FIRM and the FAR, the FIRM takes precedence.

**103-26.406-7 U.S. GOVERNMENT NATIONAL CREDIT CARD FOR USE IN  
OBTAINING SERVICE STATION SERVICES.**

The use of Standard Form 149, U.S. Government National Credit card, is mandatory except where its use would not be in the best interest of the Department. Deviations from this policy may be granted by the head of the Operating Division or designee. See FPMR 101-38. for information on the preparation and control of Standard Form 149, "U.S. Government National Credit Card."

**103-26.408      MULTIPLE AWARD CONTRACTS.**

- A. Orders should be placed with the schedule contractor offering the lowest price available. Justification should be included in the procurement file for any orders over \$500 per line item placed at other than the lowest price.
- B. When requirements can be met by items of foreign and domestic origin, and the lowest priced acceptable item(s) is of foreign origin, the percentage factor set forth in FAR Part 25 will be applied to decide whether a foreign or domestic item is to be purchased.
- C. When items, meeting the user's needs, are available from two or more contractors at the same net delivered price, selection of a contractor will be based on the priorities established in FAR Subpart 8.404-1. However, if circumstances require the selection to be made from other than a labor surplus area concern or a small business concern, a statement fully justifying the action signed by the chief procurement official of the ordering activity shall be retained in the procurement file.
- D. Items which are from the GSA customer supply centers and which are \$500 or less per line item are exempt from the requirement to justify purchasing for other than the lowest cost item.

**Subpart 103-26.5 -- GSA PROCUREMENT PROGRAMS**

**103-26.500 SCOPE AND APPLICABILITY.**

This subpart prescribes policies relating to GSA procurement programs other than the GSA stock and Federal Supply Schedule programs. It also does not include the procurement of automatic data processing equipment and services which are set forth in the FIRM, the HHSIRMM, and the FAR.

**103-26.501 PURCHASE OF NEW MOTOR VEHICLES.**

- A. Acquisition of motor vehicles for transportation of officers or employees of the Department shall conform to types of vehicles authorized for departmental use in LMM 103-25.352 and FPMR 101-26.500.
- B. When a component has approval for the purchase of new motor vehicles all requisitions are to be submitted to GSA according to FPMR 101-26.501-3. Unless a waiver is granted by GSA, all motor vehicles shall be purchased by GSA. Component activities with specialized requirements for passenger motor vehicles and trucks showing a need for procurement from sources other than GSA, shall forward each request for waiver, justifying such procurement to GSA as outlined in FPMR 101-26.501-1(b), through the Office of Grants and Acquisition Management. Specific guidance for the purchase and leasing of motor vehicles is contained in LMM 103.38.
- C. Used vehicles being replaced will be disposed of following FPMR 101-46.2 and FPMR 101-26.501-8. If vehicles are disposed of or transferred, property managers shall notify manufacturers of the exact address to which Motor Vehicle Defect Notices are to be sent.



**Subpart 103-26.6 -- PROCUREMENT SOURCES OTHER THAN GSA**

**103-26.600 SCOPE AND APPLICABILITY.**

This subpart prescribes the policies and limitations relating to the use of procurement sources of the Department of Defense (DOD) which include the Defense Logistics Agency (DLA). As part of the National Supply System generally managed by GSA, DLA is directly responsible for managing certain machinery parts, hardware, and other items. Items from DLA's Defense Supply Centers are described in the GSA Supply Catalog for Civil Agencies, published by GSA.

**103-26.602 FUELS AND PACKAGED PETROLEUM PRODUCTS OBTAINED FROM THE DEFENSE LOGISTICS AGENCY.**

- A. Departmental activities shall obtain fuels and packaged petroleum products from the Defense Logistics Agency (DLA) (excluding service station delivery items) unless;
  - 1. Annual requirements are less than those stated in FPMR 101-26.602, or
  - 2. Granted local purchase authority by DLA.
- B. Annual requirements for fuels and packaged petroleum products, for activities receiving such support from DLA, shall be solicited by each applicable property or supply management activity, according to due dates for the procurement programs cited in the FPMR.

**103-26.650 SUBSISTENCE ITEMS AVAILABLE FROM DOD.**

Perishable subsistence items may be obtained by HHS hospitals using the procurement and supply sources of the Defense Personnel Support Center, DPSC/DLA. Procedures are contained in the HHS Procedural Guide, Inventory Control and Accounting.



**Subpart 103-26.7 -- PROCUREMENT SOURCES OTHER THAN GSA  
AND THE DEPARTMENT OF DEFENSE**

**103-26.700 SCOPE.**

This subpart sets forth policy concerning procurement from other than GSA and DoD sources of supply.

**103-26.701 PURCHASE OF PRODUCTS FROM THE BLIND OR SEVERELY  
HANDICAPPED PERSONS.**

- A. Provisions of LMM 103-26.3 apply where products are carried in GSA supply service centers.
- B. Purchase of products or services not carried in GSA supply distribution facilities must be made following the procurement list published by the Committee for Purchase of Products and Services of the Blind and Other Severely Handicapped. The list may be obtained from any GSA regional office.

**103-26.702 PURCHASE OF PRODUCTS MANUFACTURED BY THE FEDERAL  
PRISON INDUSTRIES, INC.**

A schedule of products made in the Federal Penal and Correctional Institutions is available from the Federal Prisons Industries, Inc., c/o Department of Justice, Washington, D.C. 21537. When supplies manufactured by an agency for the blind are identical or similar to those manufactured by the Federal Prison Industries, Inc., priority of procurement shall be given to the Federal Prison Industries, Inc.

**103-26.750 PROCUREMENT FROM PHS SUPPLY SERVICE CENTER (SSC),  
PERRY POINT, MD.**

It has been determined that the best interests of the Department will be served by requiring the SSC to compete for the medical supply business of HHS components on the basis of service and pricing rather than by compelling the components to buy from the SSC as a mandatory source. However, the SSC is considered as a Government wholesale supply source along with the DLA and DVA and procurement shall be made from the least costly of those supply or other sources.

**103-26.751 PROCUREMENT OF MEDICAL SUPPLIES FROM THE  
DEPARTMENT OF VETERANS AFFAIRS (DVA).**

HHS components having health units or clinics may use DVA sources of supply for medical supplies and equipment not available from Departmental sources of supply, if less costly. The DVA is the

other major government entity, besides GSA and DLA, which is responsible for part of the National Supply System. The DVA purchases and stocks a variety of medical, dental, and hospital supplies and equipment. Use of this source of supply is limited to HHS health units and clinics headed by a physician or registered nurse.

**103-26.752      PROCUREMENT FROM THE GOVERNMENT PRINTING OFFICE (GPO).**

Items for use, within the metropolitan Washington, D.C. area, listed in the GPO Catalog and Price List (e.g., blank paper and envelopes) shall be acquired from GPO or GSA stores. Although acquisition of such items from these sources is not mandatory outside the metropolitan Washington, D.C. area, it should be used in all instances where economically feasible.

**103-26.753      USE OF THE U.S. GOVERNMENT BANKCARD.**

The Bankcard is a unique charge card issued under contract by GSA. The Bankcard can be used to make small purchases of office supplies and items needed in the day-to-day operation of the organization. Items such as typewriter ribbons, adding machine tape, rubber stamps, supplies for Fax machines, time stamps, or other small office equipment and machine repairs.

- A. HHS components shall use this new procurement/payment tool to the maximum extent practicable to help reduce workload and paperwork processing; improve cash management practices; and provide procedural checks to improve management control and decision making.
- B. The Bankcard is for official use only; no personal or personalized items may be acquired, and the government takes title to all goods ordered.
- C. The ordering office that uses a Bankcard is responsible for performing the "receiving" functions for these goods and/or services. If the shipping destination is different than the ordering office location, an official in the destination office can confirm receipt by acknowledging receipt to the ordering office.
- D. All purchases of accountable personal property shall be tracked and reported following the policies and procedures outlined in LMM 103-27.

**Subpart 103-26.8 -- DISCREPANCIES OR DEFICIENCIES IN  
GSA OR DOD SHIPMENTS, MATERIALS, OR  
BILLINGS**

**103-26.800      SCOPE.**

A uniform system has been established and will be used for reporting of quality deficiencies in GSA or Department of Defense shipments and material and processing requests for documenting adjustments in billings. Procedures are contained in both the FPMR and the GSA Handbook, Discrepancies or Deficiencies in GSA or DOD Shipments, Materials, Billings.



**Subpart 103-26.49 -- ILLUSTRATION OF FORMS**

**103-26.4900      SCOPE.**

Refer to FPMR 101-26.49, the HHS Forms Catalog and the appropriate HHS Procedural Guides for illustration of forms.



SUBCHAPTER E - SUPPLY SUPPORT

Subpart 103-27.60 SUPPLY SUPPORT

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103-27.6400      Definition of Terms.

## **SUBCHAPTER E - SUPPLY SUPPORT**

### **Part 103-27.60 Supply Support**

#### **103-27.6000 SCOPE.**

This part implements and supplements FPMR 101-27 Inventory Management. It describes policies, principles, and guidelines to be used in planning and managing supply support within the HHS. Supply support is provided by intently focusing on customer needs and decisively selecting and vigorously executing appropriate, cost-effective logistics (acquisition and distribution) strategies to meet those needs. Hence, there are two fundamental measures of supply support: customer service and cost.

The following are policies and procedural information related to the supply function:

- A. LMM 103-1.101 and 103-1.153
- B. The DOD Joint Service Manual (JSM) for Storage and Materials Handling. (Available on LogNet)

#### **103-27.6001 POLICY.**

- A. From a logistics perspective, all HHS personnel are divided into two groups: customers and suppliers. Customers request supplies, equipment, and services in order to perform their duties. Cost-effective duty performance is defined as performance that furthers HHS mission accomplishment by providing the needed item at the best mix of cost, schedule, and resources. Conversely, unsuccessful or cost-ineffective job performance hinders or delays mission accomplishment and wastes limited resources. Therefore, when supplies, equipment, and services contribute to cost-effective job performance, they are important to productivity and mission accomplishment. For this reason, every effort should be made to anticipate customer needs and provide for their quick and efficient satisfaction.
- B. When supplies, equipment, and services either do not or no longer cost-effectively contribute to mission accomplishment, they represent a misallocation of resources and a drag on productivity. Teamwork and cooperation in the organization is needed to recognize when specific supplies,

equipment, and services are and will be cost-effective -- when their use, over other alternatives, justifies their expense.

- C. Precise, factual and timely information is needed in order to reach such recognition and consensus. Such universal recognition and consensus poses complex forecasting, information gathering, analysis, and communication problems. Even with nearly perfect information, consensus is difficult to achieve because individual perspectives and priorities differ. Nonetheless, cooperation and teamwork are essential for cost-effective supply support. There is no substitute for these critical ingredients of supply support. Without cooperation and teamwork, supply support cannot be what it should be.
- D. Customers contribute to the team goals of productivity, cost effective supply support, and waste avoidance by striving to assure that their requirements are essential to mission performance; that they are well-defined; and that they are accurately communicated to suppliers. Customers should remain open to ideas that may reduce costs while still achieving the mission outcomes they seek. Customers should strive to understand the full range and scope of the costs associated with their requests. Customers, consistent with the nature of the item or items requested, should also weigh the benefits expected to accrue against their costs before or at the time they decide to place an order.
- E. HHS supply personnel, on the other hand, shall contribute to the team goals of productivity, cost-effective supply support and waste avoidance by making it easy for customers to communicate their needs and by streamlining the acquisition and distribution processes used to meet those needs. In this way, the overall cost of ordering, holding, and using supplies, equipment and services is reduced. Reduced costs, in turn, make delivered products and services more cost effective than they otherwise would have been because less overhead will have been involved in supplying them. Again, the teamwork of customers and suppliers is essential for supply support that is responsive and in the best interest of HHS mission accomplishment.
- F. Supply inventories shall only be established after the determination that maintaining an inventory is the most practical and economical way to service the consuming organizations. In all other cases, established supply support systems which include the IHS Supply Service

Center, GSA, DOD and the DVA supply systems, Federal supply schedules, indefinite delivery contracts, credit cards and local purchase, shall be used in lieu of the storage and issue of supplies by the OPDIV.

Accountable supply records are required for the centralized storage and distribution of more than \$50,000 of supplies and any quantity of controlled substances located in pharmacies, laboratories and nursing stations.

**103-27.6002 GENERAL.**

This subpart of the LMM has three purposes. To accomplish the three purposes of this subpart, the discussion is divided into Supply Support Planning, Performance Measurement, and Inventory Management.

- A. The first purpose is to set forth the policies, principles, guidelines that should be applied when developing supply support strategies. The policies, principles, and guidelines should lead to responsive support strategies that optimize total costs over the life of supported programs. The policies, principles, and guidelines should also be acceptable to both customers and suppliers.
- B. The second purpose of this subpart is to describe performance measures that can provide the feedback necessary to evaluate supply support in order to assure that it is, in fact, responsive and cost-effective.
- C. The third purpose of this subpart is to describe inventory management methods that produce high levels of customer service at reasonable cost when investment in HHS owned inventory assets is appropriate and selected as the preferred support strategy.
  - 1. These three elements are intertwined threads of the overall HHS supply support fabric; the three can never actually be separated.
  - 2. Decisions related to the management of an item while in inventory can be as important to customer service and cost effectiveness as the decision to stock an item in inventory in the first place.
  - 3. All supply support planning and inventory management decisions are reflected, implicitly or explicitly, in

system performance.

**103-27.6003-1 ORGANIZATION.**

As discussed above, this subpart is divided into Supply Support Planning, Performance Measurement, and Inventory Management. The appreciation of the indivisibility of supply support planning and inventory management and their combined impact on system performance is not easily gained from reading the FPMR. The two functions are discussed in different parts of the FPMR and the relationship between them as related to customer service and cost performance standards is not discussed. The criteria shown below have been reorganized from LMM Subchapter E- Supply and Procurement. Their order is changed and the language used to describe each method has been "updated" to provide the necessary guiding principles for HHS OPDIVs. Other criteria (particularly Inventory Management, Storage and Distribution, and Federal Product Descriptions) not discussed may be found in the FPMR and that guidance should be followed accordingly.

**Subpart 103-27.61 -- SUPPLY SUPPORT PLANNING.**

**103-27.6101 SCOPE.**

Customer requirements have traditionally been divided into those for products and those for services. Each of these types of requirements is ordinarily processed in a different manner. In HHS, the type of a customer's requirement determines the process used to satisfy it, i.e., the method of supply. Today's highly competitive and constantly changing business world requires that supply support processes be "flexible," and capable of rapidly adapting to changing technologies, cost structures, economic circumstances and customer preferences. For this reason, supply support channels and processes, old and new, must be constantly evaluated on the basis of cost and quality of service. Adjustment requires that a fresh look is taken at the criteria used for selecting methods of supply.

**103-27.6102 DETERMINING REQUIREMENTS.**

- A. While determining requirements and developing support strategies, components should also limit the quantity and quality of supplies to be acquired to the minimum necessary for effective and efficient performance of assigned functions and responsibilities.
- B. Components shall develop requirements and supply support strategies. The determination of requirements and methods of supply for supplies, materials, is governed by standards established for use, reuse and replacement of items.
- C. When standards do not exist, they shall be developed and applied locally. To achieve efficient, cost-effective program operations, it is essential that required equipment and supplies are on hand when needed. To this end, developing equipment and supply requirements and planning the methods of supply should be accomplished at the same time that short and long range program operations are planned.
- D. Requirements should not accumulate until the last two quarters of the fiscal year. End of the year requirements for acquisition of material from GSA and other sources of supply should conform to the funding restrictions stated in the FPMR 101-26.104.

**103-27.6103      SOURCING AND ACQUIRING PROPERTY.**

- A. FPMR 101-26.107 lists the priority order of sources for obtaining supplies.

**103-27.6104      CRITERIA FOR DETERMINING METHOD OF SUPPLY**

- A. Criteria have been established by the GSA that govern the selection of methods of supply. These criteria are applicable to all HHS components. They are described in FPMR 101-25.101. The methods of supply described include indefinite delivery contracts (including definite quantity, requirements contracts, and indefinite quantity contracts), consolidated purchase for direct delivery to users, local purchase (including blanket purchase agreements and credit cards), and storage and issue.
- B. This list of methods of supply should be considered neither exhaustive nor restrictive. Other supply support alternatives that are less costly, more responsive, or both should be actively sought and developed even if they are only minor variations of more frequently and commonly used methods.
- C. Seizing opportunities to be responsive to customer needs and to avoid unnecessary inventory expense should be high among the goals of HHS Agency Heads, Property Management Officers (PMO), Supply Management Officers (SMO), and others involved in supply support planning.
- D. OPDIV strategic plans should explicitly reflect the fact that cost-effective supply support strategies and processes are essential for successful mission performance. This is accomplished by developing sound professional and creative relationships with supply entities, governmental or commercial businesses, for responsive delivery of bundled products and services. Some common methods of supply are discussed below.

**103-27.6105      INDEFINITE DELIVERY CONTRACTS.**

Refer to FPMR 101-25.101-4.

- A. Items suited to these methods of supply are of such a character that:
  - 1. The rate of consumption and the frequency of orders for items in a line of products is sufficient to allow the

development of an indefinite delivery contract.

2. An agency stockage and issuance of the items when all costs are considered, is uneconomical; and
  3. There is no advantage or value added to forecasting definite requirements for delivery to specific use points at definite times; and
- B. Industry distribution facilities are adequate to properly serve the use points involved.
- C. Competitive marketplace conditions exist where the maintenance of an indefinite delivery contract is in the best interest of the Government because:
1. The advantage to the Government is greater than would be secured by definite quantity procurements by individual offices or agencies (the determining consideration being one of overall economy to the Government, rather than one of direct comparison of unit prices of individual items obtainable through other methods of supply); or no known procurement economies would be effected but the requirements of offices or agencies would best be served by indefinite quantity requirements contracts; or
  2. Supply support processes that feature point-of-sale data use and collection, "real time" inventory accounting, electronic ordering and shipment tracking, and paperless invoicing and payment use indefinite delivery acquisition instruments and supply support processes. An example of this technology is the electronic cash register now in use at many stores that scan a product and produce product data.

**103-27.6106 CONSOLIDATED PURCHASE FOR DIRECT DELIVERY.**

Some items can be most advantageously supplied through consolidated purchase for direct delivery to points of use. This typically happens when requirements for delivery of equipment or supply items to specific points of use are known with certainty or can be accurately forecast. Refer also to FPMR 101-25.101-3.

**103-27.6107 DIRECT DELIVERY PROGRAM.**

- A. Components needing to ship large quantities of supplies to widely dispersed offices on a scheduled delivery basis, may

establish a Direct Delivery Program (DDP) if cost-effective. See the Supply Support planning and strategy determination discussion above.

- B. The DDP supply support strategy results in the shipment of supplies directly from the manufacturer to component field offices. "From the manufacturer" distinguishes this procedure from normal ordering. Normal ordering usually results in the delivery of materiel from the component's supply management activity's warehouse. A direct delivery program contractually schedules the delivery of large-volume, high-rate-of-consumption items to specified customer locations on a recurring basis.

Heavily demanded office supplies may also qualify but only if not available from GSA.

- C. DDP is mandatory, meaning that forms and supplies obtainable through the Program cannot be acquired through normal ordering as an alternative source. Since direct deliveries are made according to contracts with vendors, and since contracts cannot be frequently adjusted once made, offices can change the shipment months or the items available under the Program only by working with the contracting office that made the contract award.
- D. Component supply management activities shall determine which items lend themselves to the DDP. They shall work with the ordering and contracting offices to establish the shipping schedule. Decisions shall be coordinated with other elements of the component operations and program staffs.

**103-27.6108      SUPPLY THROUGH LOCAL PURCHASE.**

Refer to FPMR 101-25.101-5.

**103-27.6109      STORAGE AND ISSUE.**

Though not often a desirable supply support strategy, storage and issue of items sometimes cannot be avoided. When this condition exists, components shall maintain control of expendable supply inventories in a manner that assures total costs are kept to the minimum consistent with program needs. Refer also to FPMR 101-25.101-2.

**Subpart 103-27.62 -- SUPPLY PERFORMANCE MEASUREMENT.**

**103-27.6200 SCOPE.**

This subpart addresses measures of customers' quality of service and cost. Supply support requires proper controls to ensure that planned sources, procedures and methods produce the desired results consistently. Performance measures shall be used by the component's supply management activity to influence the managing of their supply management outputs and to address the objectives of supply management in the eyes of the customer.

- A. Effective supply activities measure various facets of customer service and cost. Such measurement can permit the detection of problems before they adversely impact customer level of service. Problem detection encourages supply elements to continuously improve their supply support and take advantage of the opportunities presented by changing business practices and technological advances.
- B. The supply support system is evaluated on its ability to quickly locate assets and fill customer requirements without maintaining expensive inventories in warehouses that are costly to maintain and operate.
  - 1. Performance measures are grouped according to their focus on service levels, cost, and data accuracy. Performance measures are independent of the supply strategies they evaluate.
  - 2. They can be used to compare supply support strategy alternatives thus allowing supply managers to choose, or change to, that strategy which strikes the right balance of responsiveness and costliness, the most appropriate strategies for their organizations and items.
- C. For more performance measures information, components shall refer to the report "Supply Performance Measures for the DHHS" developed by OGAM in coordination with the OPDIVs; the Government Performance and Results Act of 1993; the National Performance Review Report (NPR) and pertinent Executive Orders.

**Subpart 101-27.63 -- INVENTORY MANAGEMENT**

**103-27.6301 SCOPE.**

This is the third and final subpart of 103-27, Supply Support. It addresses inventory management. Having an on-hand inventory that requires replenishment and management indicates that a storage and issue supply support strategy has been adopted for some number of supply items. The previous two subparts, **Supply Support Planning** and **Performance Measurement**, have explained that the storage and issue support strategy is neither the only nor necessarily the preferred strategy. Customer service and cost effectiveness should determine the specific strategy chosen in particular cases. Nonetheless, because of the historical predominance of the storage and issue support strategy; and because large inventories are on hand in component activities; and, finally, because some items will continue to lend themselves to a storage and issue strategy requiring the maintenance and management of an inventory, this subpart discusses HHS inventory management policy.

- A. Components must define, in writing, the system, organizational structure, and procedures (i.e. the network) that permits offices and activities, their customers, to order the supplies that they require to perform their mission.
- B. The structure shall identify those activities in the network, that are authorized to establish and maintain inventories (other than those inventories held at the user level for immediate needs).
- C. The size of the inventory, in both dollar investment and numbers of line items, must also be expressly authorized by the agency PMO/SMO. Further, procedures for requesting changes to dollar investment and line item authorizations must also be promulgated.

**103-27.6302 CUSTOMER ORDERING OF SUPPLIES.**

The following provides the guidelines that customer level activities can use in requesting supply stock. Components, in turn, must assess their managerial needs in accomplishing and implementing similar procedures for acquiring the stocks they need to satisfy customer requests.

- A. The first step in ordering forms, publications, operating supplies, and administrative office supplies, scientific supplies, etc. is to locate them in HHS component catalogs, and through catalogs available from GSA, DLA or other sources.
- B. The component's catalog shall show what can be ordered and how it can be ordered. Components not maintaining a catalog will supply the needs of its customers by means of local procedures defined and coordinated by the component's logistics management staff. OPDIVs are encouraged to make the catalogs and other pertinent supply management information available on the HHS electronic information network (INTERNET) under LogNet. Call the Office of Grants and Acquisition Management (202) 690-5663 for assistance.
- C. Catalogs will be indexed to make it easy to locate forms, publications, administrative office supplies and items obtainable from various supply sources.
- D. Catalogs will contain appropriate GSA, DLA or other source items that may or may not be stocked. Components may control customer access to items at their discretion consistent with the need to provide high quality customer service.

**103-27.6303 FEDERAL AUTOMATED SUPPLY ORDERING SYSTEMS.**

HHS components are encouraged to use the GSA and DOD electronic supply ordering systems. These systems allow customers to place orders via their desktop computer. The program is most useful to customers with a centralized ordering system where computer operators place order for a number of offices or activities. In addition automated detailed billing information can usually be downloaded to the component's information management systems. These files can be used to obligate the funds necessary to pay GSA's bills and can aid in the component's internal control procedures. More information about these systems can be found in the GSA and DOD catalogs.

**103-27.6304 NORMAL ORDERING PROCEDURES.**

- A. Where the component's supply system is complex, more than one method of supply may be in operation. In such cases, procedures for meeting routine requests will be established.
  - 1. Routine ordering may take the form of manual paper or electronically transmitted requests.
  - 2. Customers should use electronic transmission means to submit their orders when possible. For non-cataloged supplies customers should submit completed requisitions, with written justifications if required by the component, to the supply inventory management activity or other location as specified by the component.
  - 3. Requisitions may be submitted on various documents and/or forms including, HHS-393, Purchase/Service/Stock Requisition (used by most components as the requesting document to obtain items through the acquisition process) and GSA Form 1348-1, Single Line Item/Release/Receipt Document.
- B. Component supply systems shall provide customers with the status of their orders. Status includes information on items that the inventory management activity has backordered or is processing for shipment, and items that are forwarded to GSA and other supply sources for supply action. Status also provides other pertinent information such as whether the stock is frozen for inventory or discontinued from stockage.
- C. The component supply system that processes customer orders and produces status for the customer should also produce warehouse pick lists. Pick lists are forwarded to the component's warehouse. Customer orders are picked from storage bins/racks etc, packaged and shipped.
  - 1. The customer shall verify the shipment by comparing it to his/her order and to the status received.
  - 2. As required, customers follow-up on an order's status to insure its complete satisfaction.

- D. In order to provide timely supply support, complete status and the documentation with which to effect shipment, supply systems, should ordinarily be automated. That is, orders should be received electronically, stock availability should be assessed, shipment documents should be produced, or purchase orders printed in a single computer process that occurs within less than one calendar day.

**103-27.6305      UNSCHEDULED AND EMERGENCY ORDERS.**

- A. Not all requests for supplies are routine. Emergency orders may be submitted by customers. The component supply network must be capable of reacting more quickly than normal by delivering supplies on an emergency basis.
- B. In emergency cases, customers should determine whether another office in their locale can provide enough of the required material to sustain supply until the next regularly scheduled order.
  - 1. If the loan of supplies is not feasible, the local PMO/SMO should be consulted to determine if the need can be met locally by some other means. This action alerts the PMO/SMO to the emergency and informs him or her of its nature.
  - 2. Higher levels of management may be asked to support satisfaction of the requirement by such actions as the emergency diversion of resources.
- C. Exceptions to normal ordering procedures should be made only for special reasons, and should be monitored closely. Exceptions add cost to the supply system and divert resources from providing routine customer services and supply support.

**103-27.6306      AUTOMATED SUPPLY MANAGEMENT SYSTEMS.**

Automated supply management systems should be developed and used to satisfy component supply support requirements. They are critical to the provision of responsive customer service. They are increasingly essential for cost-effective inventory management and distribution operations. They provide components the opportunity to uniformly implement supply management policy throughout their activities. The variety of systems, fortunately, provides for tailored solutions to almost any supply management challenge.

- A. A key principle in today's flexible and logistically complex business environment is centralized planning and decentralized execution. The prudent coordination and control of inventory management and supply distribution systems is necessary to achieve desirable levels of customer service and cost effectiveness.
- B. Components should constantly review, standardize, improve and plan for compliance to Departmental electronic commerce/electronic data interchange initiatives to their automated supply support systems. Refer also to LMM 103-1.151.
- C. Components must assure that automated systems used by their agencies are capable of providing a basic level of financial data for management purposes.

**103-27.6307      ACCOUNTABILITY REQUIREMENTS.**

**103-27.6307-1      DESIGNATION OF THE SUPPLY  
ACCOUNTABILITY OFFICER**

- A. Supply assets shall be carried as accountable records. As accountable records they are subsidiary records to the general ledger accounts. Accountability for the inventories of all supplies and materials is part of the PMO/SMO's responsibilities. As such, the PMO/SMO shall designate in writing an employee as the supply accountable officer for the component's supply management activity.
- B. Refer also to LMM 103-1.

**103-27.6307-2 ACCOUNTABILITY DATA INFORMATION STANDARDS (Data Elements).**

The following are the minimum accountability data information fields that should be used to track inventories and provide the necessary managerial information.

Stock number	Supply item:
Description	- Receipts
Unit of Issue	- Issues
Unit price	- Adjustments
Quantity on hand	- Disposals
Value	- Review point quantity
Storage location	- EOQ
Items due in	
Items due out	

Components may collect any other data determined necessary to properly manage and account for supplies. In addition, components should refer to LMM 103-27.5203.

**103-27.6307-3 SUPPLY TRANSACTIONS AND FILES.**

- A. Receipts and miscellaneous transaction documents (receipts, issues, returns, excess documents, reports of survey, inventory adjustments, etc.) shall be assigned voucher numbers. Voucher numbers assigned to miscellaneous transactions will be taken from the appropriation to which the transactions apply.
- B. Copies of receipts will be filed and retained in accordance with the component's records retention schedules. Copies of unposted receipts and miscellaneous transactions need not be retained.
- C. Supply issues will be assigned a transaction number which will be recorded in the automated supply system. These transactions will be numbered on a monthly basis using a numerical prefix designating the month in which the transaction occurred. Completed transactions will be filed in numerical sequence and retained in accordance with the component's records retention schedules.
- D. All receipts of and issues of controlled substances (Schedules 1-5) will be assigned a consecutive document number or annotated separately within an automated supply system for transactional purposes. The transaction control file will show the document control number, date of receipt

by an authorized employee, organizational identifier or location of a program receiving issue assigned to the document. Refer also to the Controlled Substances Act Title II implementing the Comprehensive Drug Abuse Prevention and Control Act of 1970.

**103-27.6307-4 RECONCILIATION WITH FINANCIAL RECORDS.**

Perpetual inventory records of supplies and materials and the general ledger accounts shall be reconciled each month to ensure that the supply data correspond with the component's financial records. Discrepancies shall be reviewed to determine the source of any variance between the subsidiary ledger and the general ledger accounts. Refer also to the Department's Accounting Manual, Section 1-30 Reconciliation and Adjustment and to LMM 103-27.5405.

**103-27.6307-5 PROCESSING RECEIVING REPORTS AND INVOICES.**

All receiving reports and invoices that do not coincide in quantity and price shall be brought to the attention of the responsible PMO/SMO, who will make a determination as to whether payment will be made or if further contact with the vendor is required.

**103-27.6307-6 FINANCIAL INVENTORY MANAGEMENT.**

- A. HHS supply management officers must balance the desire for low levels of inventory investment against the desire for high levels of customer service for items supplied using a storage and issue supply support strategy. To achieve the desired balance managers need basic financial inventory data. These data provide the means for planning and measuring progress toward management goals. The data are used to:
1. Determine the degree of compliance with and adequacy of program and policy guidance.
  2. Compare the best practices of supply operations of different agencies and external organizations by networking with other supply managers, reading trade publications and participating in professional associations.
  3. Consider trends in inventory status and activity.
  4. Compare available assets with authorized stockage levels and acquisition objectives.
  5. Compile aggregate demand and issue data.
  6. Determine inactive, obsolete and excess and surplus items.
  7. Determine other areas requiring control by HHS managers at all levels.
- B. The prime objective of inventory management is to align the comparison of requirements and assets with supply control decisions. Financial inventory management permits, on a common denominator dollar basis, a time-phased simulation of procurement and issue actions causing changes in supply position. Such a simulation provides the basis for management through financial control of procurement, requisitioning, budgeting, and financial status reporting. This is done by converting the requirement for asset comparison to the common denominator of dollars. A means is established to provide for dollar value inventory goals and measurement of progress toward those goals. The data are useful in justifying supply budgets. Action is initiated based on individual item requirements and assets. Actions may include:

1. Establishment and testing of the reorder level
  2. Determination of order quantity requirements
  3. Derivation of procurement directives and contract data
  4. Return of material
  5. Schedules of contract delivery
  6. Nonreimbursable transfer determinations
  7. Retention and disposal
- C. Requirement elements/levels (backorders, safety level, operating level, lead time level, etc.) on the item are used to calculate the reorder level and to determine the immediate shortage quantity and other supply imbalances. To establish the supply status of an item, the requirement/asset comparison is made in terms of the capability of meeting projected demands on the supply system. Requirement elements/levels are arrayed in priority sequence for stock reservation or issue. Assets are applied in order against these elements/levels to arrive at the supply status. When the dollar value of all elements/levels for all items are summed or aggregated, financial information or data is available for management purposes.
- D. Components may evaluate agency supply management operations on the basis of the performance measures previously discussed as well the information developed during financial inventory management analyses.

**103-27-6307-7 PHYSICAL INVENTORY.**

In order to verify the accuracy of supply records, a physical inventory shall be taken at regular intervals. This procedure is necessary as a check on the effectiveness of the supply inventory accounting procedures to provide adequate and accurate information on all significant changes in the investment of supply assets. The frequency of physical inventories, which may be taken on a cyclical basis over a period of time, should be determined on the basis of such factors as nature and value of the supplies; physical security and control procedures relating to the receipt, issuance, turnover, and results of previous inventories.

**103-27.6307-8 BOARD OF SURVEY**

Refer to LMM 103-27.57.

**103-27.6308 MAXIMIZING USE OF INVENTORIES.**

Components shall utilize effective intra-and inter-component matching of material assets and requirements before material becomes excess, in order that unnecessary procurements and inventory investments can be avoided. Supply management officers must remain alert for signs of potential long supply such as declining demand, new technologies, and inventory record imbalances. They must take timely action to reduce assets to the authorized acquisition objective. Long supply can be redistributed to other organizations having near term requirements. Refer also to FPMR 101-27.3.

**103-27.6309 WAREHOUSING PROCESSES.**

The following sections describe responsibilities and major action areas associated with warehousing operations. Efficient and effective warehousing processes are fundamental to the sound practice of inventory management. Consult the Department's LogNet to view the Joint Services Manual (JSM) for Storage and Materials Handling. This document was developed by the joint DOD services and provides excellent storage and materials handling procedures.

**103-27.6309-1 RESPONSIBILITIES.**

Components are responsible for exercising overall supervision and control over the warehousing operations at their facilities. They shall:

- A. Ensure that receiving, storage, inventorying, issuing, and shipping operations are completed efficiently;
- B. Establish necessary controls by ensuring that personnel who receive and issue items on behalf of the component are not the same personnel who certify invoices for payment or who certify inventory counts;
- C. See that any discrepancies discovered through inventorying are investigated and properly reported;
- D. Ensure that local requisitioning and issuing procedures are developed and implemented; and

- E. Provide adequate safeguards to ensure against loss, damage, or theft of component property held at their facilities.

**103-27.6309-2 RECEIVING OPERATIONS.**

Components shall provide for:

- A. Prompt and accurate processing of receipts, including inventory updating, maintenance of due-in information, prompt and accurate checking and recording of shipments received and efficient handling and storage.
- B. Ensure all incoming items are accompanied by receiving documents such as Order-Invoice-Voucher, Material Inspection and Shipping Report, Material Safety Data Sheets, Vendor packing slip, etc. If there are no receiving documents with the shipment, the person who receives the items shall prepare a report to the appropriate supervisory personnel, fully explaining the circumstances.
- C. Verify that receiving documents are certified and signed by personnel authorized in writing to accept goods on behalf of component.
- D. Plan for the date of arrival of supplies, type and quantity of supplies and whether discounts can be credited.
- E. Provide for the accurate checking of shipments for efficient storage and related record control activities. Each shipment, upon arrival, shall be physically checked against the related freight bill or other delivery document prior to signing of receipt.

**103-27.6309-3 AUTHORITY TO SIGN RECEIVING DOCUMENTS.**

Component's shall expressly designate in writing, the personnel authorized to sign receiving documents and thereby accept shipments.

**103-27.6309-4 NOTIFICATION TO AUTHORIZED RECEIVING PERSONNEL.**

Personnel in charge at the dock must promptly notify authorized receiving personnel when items are received.

**103-27.6309-5      SUSPENSE FILES AND RECEIVING ACTIVITY PLANNING.**

Receiving personnel are responsible for maintaining a tickler-type suspense file to organize documentation on all shipments. File contents shall be reviewed for planning purposes to facilitate accurate, orderly and expeditious processing of receipts. Copies of purchase orders containing prompt payment discount provisions should be flagged. When feasible, arrangements for handling and storing a large-volume shipment shall be made prior to the shipment's actual arrival.

**103-27.6309-6      CHECKING SHIPMENTS AND DOCUMENTATION.**

Orders shall be verified for accuracy as soon after delivery as possible to avoid delay in reporting discrepancies. The accuracy of all shipments should be checked by comparing the receipts with the delivery information provided on the packing list.

**103-27.6309-7      DISPOSAL.**

Refer to LMM Subchapter H - Utilization and Disposal.

**Subpart 103-27.64 DEFINITION OF TERMS**

**103-27.6400 DEFINITIONS.**

The terms used in this subpart are based on the FPMR and other relevant procedural guides for the supply management process. Some terms used extensively in this subchapter are defined below:

**Accountability** -- The obligation to keep records (usually automated) and transactions on quantities of supplies such as identification, gain, loss, distribution, transfer, disposal, and balances on hand.

**Automated Systems** -- Systems designed to develop stock control and analysis by the use of automatic data processing application.

**Controlled Substances** -- Controlled substances are narcotics and dangerous drugs identified by the Drug Enforcement Administration (DEA) in Title 21 CFR, Part 1308.

**Direct Delivery** -- Items which are delivered directly to the customer and who reviews the receiving document for completeness for transaction purposes.

**Disposal** -- The removal of supplies by sale, donation, transfer, abandonment and destruction, trade-in, or other means.

**Economic Order Quantity (EOQ)** -- The lowest total cost of an item for ordering and holding inventory to meet expected supply requirements.

**Electronic Commerce (EC)** -- Electronic commerce means using electronic information technologies to conduct business between trading partners.

**Electronic Data Interchange (EDI)** -- The automated, electronic flow of business information between organizations. This information is integrated with and flows into and out of the organizations' respective business management systems.

**Expendable Property** -- Property which does not meet the definition for equipment, is of relatively low dollar value, or is property which is consumed in the performance of program mission. Sometimes is called a consumable item.

**General Ledger** -- A fiscal record maintained by finance and the property/supply accounting activity, which is comprised of several accounts that reflect the dollar value of assets.

**GSA Stock**-- General Services Administration Depot Customer Supply Centers which procure and stock items based on projected requirements of Federal agencies, stores bulk quantities, and distributes upon receipt of requisitions.

**Inventory** -- Stocks of supplies, materials and parts used to support DHHS programs. The types of supply inventories generally fall into the category of stores stock, storeroom, and user inventory.

**Lead Time** -- The length of time between the receipt of a request and the delivery of an item. Includes both administrative and production lead time.

**Levels of inventory** -- The quantity of items required to be issued between replenishment orders.

**Performance Measures** -- Supply management indicators which can be used to evaluate the supply process; identify and document the best/innovative practices for supply management; report on findings regarding supply strategies, materials operations, administrative/systems support and supplier relations.

**Physical Inventory** -- The act of personally observing and counting items, recording the count, and comparing the count with official records for the purpose of reconciliation. See also 103-27.

**Purchase Order** -- Form used to place an order for goods or services with a supplier (vendor).

**Quality Control** -- Inspection, testing, grading of goods and services to determine whether required standards and specifications have been achieved.

**Receiving** -- The receipt of inbound supplies, includes planning, handling, and document processing.

**Reconciliation** -- The procedure by which records in one system are compared to those in another system. The objective of a reconciliation (whether it is done between the supply accountability and the general ledger or between a physical inventory and the supply accountability system) is to compare information between two sources and to determine if it coincides and, if the information does not coincide, to make the appropriate adjustments.

**Register** -- A record (usually automated) of all supply

transactions delineating as a minimum: date, type of document, description of items and value.

**Requirement** -- An established need which justifies the allocation of resources to achieve a capability to accomplish an objective or task which generated the need.

**Requisition** -- Authoritative request for supplies or services on form(s) authorized for such requests.

**Safety Level of Supply** -- Quantity of items to be held in inventory which is issued if other levels, are depleted.

**Specification** -- A document which describes the essential and technical requirements for items, materials, or services. Also contains preservation, packaging, packing, handling, hazardous characteristics, and marking requirements.

**Stock** -- All items of supplies and materials held in an inventory by a component or Federal agency supply activity for distribution to user locations.

**Storing** -- The orderly arrangement of supplies in storage.

**Supplies** -- Items that have a relatively low dollar value or are consumed in the performance of an agency function or are used in the production or repair of other items. Supplies normally consist of all personal property other than furniture, non-accountable equipment and accountable property. The term is interchangeable with materials.

**Supply Components** -- DHHS supply components are organizations that annually distribute more than \$50,000 of supplies held in inventory. The primary objective of a supply component is to receive, store, and distribute supplies.

**Supply Management** -- The broad function of the management, coordination, and regulation of activities concerned with supplies. Basic supply management functions include requirements determination, acquisition, accountability, financial asset analysis, storage, distribution and disposal of supplies.

**Supply Management Officer** -- See LMM 103-1.

**Transaction** -- Supply records which attest to the addition or subtraction from the inventory of supplies.

**Validation** -- Confirmation or approval that a request for

supplies, is based on the proper authority and is fully justified to be acquired.

**Vendor --** A private person, agency or commercial organization which sells goods to the Government.

**Warehousing --** The performance of physical functions incident to receipt, storage, and issue of supplies.



CONTENTS OF SUBCHAPTER G - AVIATION, MOTOR VEHICLES, WATERCRAFT  
AND TRANSPORTATION

PART 103-37 -- AIRCRAFT MANAGEMENT

103-37.5001	General
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PART 103-37 AIRCRAFT MANAGEMENT

103-37.5001 GENERAL

This policy should be read after reading OMB Circular No. A-126 "Improving the Management and Use of Government Aircraft", OMB Bulletin No. 93 -11, "Fiscal Responsibility and Reducing Perquisites", 41 CFR 101-37 "Government Aviation Administration and Coordination". The Circular and the regulation are considered part of the policy and are not repeated or paraphrased.

103-37.5002 DEFINITION

(a) "Component" as used in this part means OS and the OPDIVs.

103-37.5003 POLICY

- A. The Department of Health and Human Services fills its requirements for routine air transportation, such as attending meetings and visiting field installations, through the use of commercial airline service. Aircraft charter services may be used for medical evacuations and, in limited circumstances, for transportation of equipment and supplies in remote locations.
- B. Aircraft charter services, instead of commercial airlines, may also be used in the conduct of official travel when it is demonstrated to be less costly to the Department.
- C. Components will not obtain ownership of aircraft or enter into leases for or rent aircraft without crew or operate aircraft without authorization of the Department Fleet Manager, Office of Grants and Acquisition Management, ASMB.
- D. HHS components that have missions requiring the chartering of aircraft will develop internal guidance to assist their field managers in making decisions about aircraft usage. As a minimum these procedures will provide guidance on approval authority for aircraft usage, on selecting aircraft type, on safety requirements, on conducting the cost/benefit analysis, and on completing the required aircraft records and reports. A copy of this guidance will be provided to the Department Fleet Manager, Office of Grants and Acquisition Management, ASMB upon issuance.
- E. In accordance with 41 CFR 101-37.507, components chartering aircraft will complete and submit through their Component Fleet Manager to the Department Fleet Manager, Office of

Grants and Acquisition Management, ASMB completed electronic copies of GSA SF 3554-A "Aircraft Contract, Rental/Charter and Support Services Cost Data Form-Aircraft" upon award of agreements for aircraft services, and GSA SF 3551 "Contract Charter/Rental Aircraft Cost and Utilization" no later than December 15th of each year using the Federal Aviation Management Information System software.

PART 103-38 -- MOTOR VEHICLE AND WATERCRAFT  
MANAGEMENT

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103-38.000-51 POLICY.

Subpart 103-38.0 -- DEFINITION OF TERMS.

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103-38.100-50 AUTHORITY FOR THE ACQUISITION OF MOTOR EQUIPMENT.  
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Subpart 103-38.2 -- REGISTRATION, IDENTIFICATION, AND  
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103-38.201-50 REGISTRATION AND INSPECTION.

Subpart 103-38.203 -- AGENCY IDENTIFICATION.

103-38.204-50 EXEMPTIONS.

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103-38.301-50 GENERAL POLICY  
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- 103-38.301.59 UNAUTHORIZED USE
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- 103-38.402-51 PROMPT DISPOSAL OF REPLACED MOTOR VEHICLES.
- 103-38.402-52 UTILIZATION OF MOTOR VEHICLES.

Subpart 103-38.5 -- SCHEDULED MAINTENANCE.

- 103-38.502-50 DHHS GUIDELINES.

Subpart 103-38.6 -- REPORTING MOTOR VEHICLE ACCIDENTS.

- 103-38.601-50 REPORTING ACCIDENTS.

Subpart 103-38.8 -- STANDARD FORM 149, U.S. GOVERNMENT  
NATIONAL CREDIT CARD.

- 103-38.800-50 ADDITIONAL DHHS CONTROLS ON CREDIT CARDS.

Subpart 103-38.9 -- FEDERAL MOTOR VEHICLE FLEET REPORT.

- 103-38.903-50 REPORTING DHHS MOTOR VEHICLE DATA.

Subpart 103-38.50 -- RESPONSIBILITIES.

- 103-38-5001 LOCAL MOTOR VEHICLE MANAGER RESPONSIBILITIES. [To  
be relocated under 103-1.50 when that section is  
updated].
- 103-38.5002 LOCAL USE OBJECTIVES.
- 103-38.5003 APPLICATION OF USE GOALS.

SUBPART 103-38.53 -- WATERCRAFT.

- 103-38.5300 SCOPE.
- 103-38.5301 DEFINITIONS.
- 103-38.5302 WATERCRAFT OPERATIONS.
- 103-38.5303 WATERCRAFT IDENTIFICATION AND NUMBERS.
- 103-38.5304 DISPLAY OF FLAGS AND SEAL.

**PART 103-38 MOTOR VEHICLE AND WATERCRAFT MANAGEMENT**

**103-38.000-50 SCOPE.**

This part implements and supplements FPMR Parts 101-38 and 101-39 concerning the management and control of motor vehicles and watercraft. This part does not repeat material in the FPMR. Material in this part should be read in conjunction with the FPMR. Numbers in this part corresponds to the FPMR numbering system. No coverage is provided for FPMR Part 101-39.

**103-38.000-51 POLICY.**

- A. Motor vehicles and watercraft shall be acquired, maintained and utilized in support of DHHS programs in the minimum quantity required and in the most practical and economical manner consistent with program requirements, safety considerations, fuel economy, and applicable laws and regulations.
- B. Appropriations will not be expended to lease or purchase passenger motor vehicles except as authorized by law or to reimburse the General Services Administration for passenger vehicles acquired from the Interagency Fleet Management System.
- C. Each of the components of DHHS shall designate a fleet manager to be responsible for the motor equipment operations and to serve as a single point of contact for issues, information and reports on motor equipment.
- D. Each OPDIV will maintain vehicle use records including home-to-work usage.
- E. All requests to the Federal Supply Service, GSA for authority to purchase or commercially lease motor equipment and for waivers from GSA regulations and certifications to GSA shall be reviewed by the Component Fleet Manager sent to GSA. A copy of the request shall be provided to the Department Fleet Manager.
- F. No employee shall use a government vehicle for transportation between their home and place of employment without the expressed written approve of the Secretary of Health and Human Services.

**Subpart 103-38.0 DEFINITION OF TERMS.**

**103-38.001-50 DEFINITIONS.**

- A. "Component" as used in this part means OS and the OPDIVs.
- B. "Department Fleet Manager" means the official designated in accordance with the requirements of the Title XV, Subtitle C - Federal Motor Vehicle Expenditure Control, P.L. 99-272 to oversee the motor vehicle operations of DHHS. This official is located in the Office of Grants and Acquisition Management, ASMB.
- C. "Dual purpose vehicle" means a motor vehicle designed to transport both passengers and cargo such as Broncos, Cherokees and Blazers.
- D. "Government vehicle" means any vehicle owned or leased by the U.S. government.
- E. "Motor vehicle" means any equipment, self-propelled or drawn by mechanical power, designed to be operated principally on highways in the transportation of property or passengers.
- F. "Passenger motor vehicle" means any vehicle whose primary purpose is to transport passengers (sedans, station wagons, ambulances, buses, and passenger vans).

**Subpart 103-38.1 - MOTOR VEHICLE ACQUISITIONS**

**103-38.100-50 AUTHORITY FOR THE ACQUISITION OF MOTOR EQUIPMENT.**

- A. It is the policy of DHHS to use the Interagency Fleet Management System (IFMS), GSA as its first source of supply for all motor vehicles.
- B. In accordance with 31 U.S.C. 1343, authority to acquire passenger motor vehicles (lease or purchase) is contained in the annual appropriation act for the components of DHHS. Unless Congress specifically authorizes purchases or leases in a component's appropriation act, the component is not authorized purchase passenger vehicles and may only lease passenger vehicles from the GSA IFMS. Currently within DHHS, only OS, FDA, IHS and NIH have authority to obtain vehicles from sources other than the IFMS.

**103-38.100-51 JUSTIFICATION AND APPROVAL TO ACQUIRE MOTOR EQUIPMENT.**

- A. Each October components will survey their programs to determine their needs for vehicles for the next subsequent year. Subdivisions of components wishing to acquire additional vehicles for their fleet are authorized to request up to five vehicles annually from their local Interagency Fleet Management Center. Requests for more than five vehicles shall be requested through the Component Fleet Manager.
- B. When the local Interagency Fleet Management Center is unable to fill a request for an additional vehicle, requests will be transmitted to the Component Fleet Manager. Components that have legal authority, shall indicate if they wish to commercially lease or purchase. Commercial leases or purchases shall be made using GSA leasing or purchasing programs.

(i) Requests to commercially lease vehicles for periods longer than 59 days will only be approved on the basis that the IFMS is unable to provide the vehicle. Components wishing to commercially lease a vehicle will submit a written request including a description of the vehicle and an explanation of the need for the vehicle. The description of the vehicle will not be brand name or model specific unless no other brand or model will satisfy the component's need.

(ii) Requests for permission to purchase vehicles will include a justification for why ownership is the least costly method for the component to obtain, operate, and dispose of the vehicle. This justification should include a comparison of costs associated with the following three methods of acquiring vehicles: purchases (including purchase, maintenance, and disposal costs), commercial lease, and IFMS lease. (Additional guidance for this cost comparison can be found in FPMR Temporary Regulation G-48.)

- C. Requests from contractors for IFMS vehicles must include the concurrence of their contracting officers and the Component Fleet Manager.

**103-38.101-52 ACQUISITION OF FUEL EFFICIENT MOTOR VEHICLES.**

- A. In accordance with FPMR 101-38.101 and Executive Orders 11912 and 12375, DHHS shall acquire and operate only fuel efficient passenger vehicles (Class II compact or smaller)

and light trucks unless a larger vehicle is absolutely essential to carrying out the component's mission. Except for the offices listed in (b), administrative offices will use compact vehicles (Class II).

- B. For administrative offices, with appropriate justification, the following size passenger vehicles may be approved:

Immediate Office of the Secretary - two large sedans (Class IV);

OS motor pool - mid-sized (Class III);

OPDIV and component headquarter's motor pools - mid-sized (Class III); and

Offices of Regional Directors - compact (Class II)

- C. District Offices, Offices of Center Directors, Area Offices, etc. shall use compact (Class II) passenger vehicles.
- D. All requests to acquire sedans and station wagons larger than Class II shall be forwarded with justification to the Department Fleet Manager for approval. The justification should discuss the essentiality of the larger vehicle to the mission of the organization and the effect the vehicle will have on the component's achievement of all required fuel economy objectives. Justification should be submitted each time a different vehicle is to be acquired. Justification does not need to be submitted when options are exercised on a lease contract or when the IFMS replaces a vehicle.

**103-38.104-50 SELECTION OF TYPE OF MOTOR VEHICLES.**

- A. All motor vehicles acquired for use shall be limited to the minimum body size, engine size, and optional equipment necessary to fulfill program needs.
- B. The least expensive unit overall should be acquired considering acquisition costs, operating costs and disposal costs.
- C. Dual-purpose motor vehicles capable of hauling both personnel and light cargo shall be used whenever appropriate to avoid the need for two motor vehicles when one can serve both purposes.

**Subpart 103-38.2 - REGISTRATION, IDENTIFICATION, AND  
EXEMPTIONS.**

**103-38.201-50 REGISTRATION AND INSPECTION.**

- A. Requests for DHHS tags (license plates) will be submitted by the Component Fleet Manager to the Perry Point Supply Center.
- B. Unissued tags shall be stored in a locked drawer, cabinet or storage area with restricted access to prevent possible theft or misuse.
- C. Motor vehicles used in foreign countries are to be registered and carry tags in accordance with the existing motor vehicle regulations of the country concerned. The person responsible for a motor vehicle in a foreign country shall make inquiry at the United States Embassy, Legation, or Consulate concerning the regulations that apply to the registration, licensing, and operation of motor vehicles and shall comply accordingly.

**103-38.203 AGENCY IDENTIFICATION.**

Each component that owns or commercially leases motor vehicles shall display, in accordance with the requirements of FPMR 101-38.2, decals and tags identifying the vehicle as a government vehicle.

**103-38.204-50 EXEMPTIONS.**

- A. Certifications for exemptions other than those listed in FPMR 101-38.204-1 and -2 shall be submitted by the component fleet manager directly to GSA in accordance with the criteria listed at FPMR 101-38.200 (f). Copies of the certifications will be sent to the Department Fleet Manager.
- B. By October 30 of each year, the component fleet manager should provide a list of all unmarked vehicles in their fleet to the Department Fleet Manager indicating which unmarked vehicles are exempt by regulation (101-38.204-1) and which are certified to GSA as justified as law enforcement or as required for the safety of the occupant.

**103-38.3 AUTHORIZED USE OF GOVERNMENT MOTOR VEHICLES.**

**103-38.301-50 GENERAL POLICY**

- A. Vehicles assigned to or purchased or leased by DHHS are intended for official business except as authorized by 103-38.301-52. DHHS motor vehicles are not provided for the convenience of DHHS employees. Government vehicles should only be used when it is: (i) the least costly method of transportation available (considering the value of employee time and actual transportation costs) or (2) when no other practical method of transportation is available considering the mission to be performed; the location; and any equipment needed to be transported to support the mission.
- B. Common carriers (air, rail, and bus) shall be used in lieu of transportation by motor vehicle, unless the use of the motor vehicle is clearly more economical and practicable, and in the government's interest, such as:
  - (i) The employee's itinerary requires a number of stops and the scheduled arrival and departure of public transportation does not coincide with the timetable of the itinerary, resulting in undue loss of government time;
  - (ii) It is necessary to transport a considerable amount of equipment with the employee;
  - (iii) The nature of the employee's work necessitates the use of transportation at a time of day or week when it would be highly impracticable to use public transportation; or
  - (iv) Such officers and employees are continually engaged in law enforcement work affecting public health and welfare, and the use of a common carrier is impracticable and not in the best interest of the government.
- C. Each employee of DHHS is responsible for providing his or her own transportation to the work place. Transporting an employee between home and work is not an official use of a government vehicle except as provided in 103-38.301-56.
- D. Any officer or employee who wilfully uses or authorizes the use of a vehicle for other than official business is subject to a suspension of at least 1 month or, up to and including, removal by the head of the component.

**103-38.301-51 TRANSPORTING PERSONNEL OF OTHER FEDERAL AGENCIES.**

Transportation of personnel from other Federal agencies in a DHHS vehicle is authorized when it is in the interest of the government and does not interfere with accomplishment of the DHHS employee's primary business.

**103-38.301-52 TRANSPORTING OTHER THAN A FEDERAL EMPLOYEE.**

The Component Fleet Manager or designee may authorize the transportation of personnel other than Federal employees when necessary in the performance of official business or in the best interest of the Department. A DHHS employee may also transport a person or persons other than a Federal employee in a government vehicle when the use of the vehicle is the sole means of alleviating pain or injury, or preventing loss of life or serious damage to property or when the person is the spouse of the Secretary and the person is being transported to join the Secretary in order to be present with the Secretary at a function where the Secretary is an official representative of the government and the spouse, according to diplomatic or social custom, is expected to attend with the Secretary.

**103-38.301-53 TRANSPORTATION OF DEPENDENTS.**

An employee, who has the use of a government vehicle because of specific duties (such as a field investigator or traveling auditor) and whose duties result in extended detail to another region or location or frequent change in duty post, may transport dependents at the time the detail or change of duty post is accomplished as long as transporting the dependent does not cause additional cost for the government or cause the employee to deviate from his/her official itinerary. However, prior approval must be obtained from the Component Fleet Manager or his/her designee and annotated on the travel order.

**103-38.301.54 EXCLUSIVE ASSIGNMENTS OF MOTOR VEHICLES.**

- A. Except for the Secretary, no government motor vehicle shall be assigned for the exclusive use of any officer or employee for extended periods of time except when such an assignment is clearly essential to the execution of an authorized function or program.
- B. Vehicles may be assigned for the exclusive use of employees only by the Component Fleet Manager. Component Fleet Managers may delegate, for officers and employees engaged in field work, this responsibility to the heads of field locations.

**103-38.301-55 USE OF GOVERNMENT VEHICLES BETWEEN HOME AND PUBLIC CARRIER TERMINALS AND BETWEEN PUBLIC CARRIER TERMINALS AND TEMPORARY DOMICILE OR TEMPORARY DUTY STATION.**

Government-owned motor or leased vehicles may be used by officers and employees in travel status for transportation between home and rail, air, bus, or boat terminals and between the terminal and place of temporary employment or temporary domicile if no less costly method of transportation is available.

**103-38.301-56 USE OF GOVERNMENT VEHICLES BETWEEN RESIDENCE AND PLACE OF EMPLOYMENT.**

**A. Restrictions on use of government vehicles between residence and place of employment**

Government policy on the use of government-owned or -leased vehicles is established by P.L. 99-550 and FPMR Subpart 101-6.4. The FPMR should be used in conjunction with this policy. The use of government vehicles between residence and place of employment shall be restricted to the Secretary and employees engaged in field work as defined in the FPMR, and other officials or employees on an exception basis when a clear and present danger, emergency or a compelling operational consideration as defined in the FPMR exists. (Medical personnel on outpatient service are defined as engaged in field work.) This restriction does not apply to employees on official travel who have been authorized to take a vehicle home on their travel order. Employees are expected to provide their own transportation between residence and place of employment including for overtime. Inconvenience, awkwardness with a car pool arrangement, or difficulties with a personal vehicle do not justify furnishing government transportation.

**B. Approval of the use of government vehicles between residence and place of employment**

Only the Secretary may approve the use of government vehicles between residence and place of employment. The approval process for the use of vehicles between residence and place of employment will be different based on the reason for approval.

(i) Employees engaged in field work will be approved on the basis of positions. Each office requesting approval of vehicle use between residence and place of employment for employees engaged in field work shall

submit justification, in memorandum form, through the Component and OPDIV Fleet Manager to the Office of Acquisition and Grants Management, ASMB, OS, Attention: Department Fleet Manager. This justification shall include the position title and series, number of employees affected, name and title of person requesting approval, dates, location of official duty station, frequency and duration of the field work, and justification for the use of the vehicles.

After the initial justification for each position has been approved, the requesting office should reassess and resubmit justification every two years.

If a position is approved for the use of a vehicle between residence and place of employment based on field work, the approval is only in effect when an employee is actually engaged in field work and should not be interpreted as authorization to use the vehicle at anytime other than when conducting field work.

(ii) Requests for approval based on a clear and present danger, an emergency or a compelling operational consideration shall be submitted by the requesting office through its Component Fleet Manager to the Office of Acquisition and Grants Management, ASMB, OS, Attention: Department Fleet Manager. The justification shall be submitted in memorandum form. The same information as required for field work shall be submitted except that the name of the employee shall also be provided.

Approvals made under subsection "ii" shall initially be for a period not to exceed 15 calendar days. Extensions of up to 90 calendar days may be requested as long as the underlying circumstances continue to exist.

(iii) Requests for contingent approvals are permitted. They shall include, in addition to the information identified in (ii), a statement on what administrative controls have been established to assure that any contingent approval is not abused. Requests should be submitted to the Department Fleet Manager as described in (ii). If the contingent approval is exercised, the requesting office will immediately notify the Department Fleet Manager and provide him with the following additional information: name of the individual using the vehicle, the reason that justified the use of the contingent approval and the starting date and ending date (or anticipated ending date) of

the authorization.

(C) Documentation of home-to-work transportation

Each employee using a vehicle between his or her residence and place of employment will maintain a record identifying the vehicle used (license plate number), destination, starting and ending mileage and purpose of trip. (Optional DHHS form 16 may be used to document home-to-work transportation.) This record will be turned into the office of the official who initially requested the approval upon completing the approved home-to-work use of the vehicle but no less frequently than quarterly. The record(s) shall be maintained together with the request for and approval of the use of a government vehicle between residence and place of employment. These records shall be readily available for audit until disposed of according to established records management procedures.

**103-38.301-57 USE OF GOVERNMENT VEHICLES BETWEEN RESIDENCE AND PLACE OF EMPLOYMENT WHILE ON TEMPORARY DUTY.**

When an employee on temporary duty (with travel orders) is authorized to travel by government motor vehicle, and in the interest of the government, is scheduled to depart before the beginning of regular working hours, or if there will be a significant savings in time, a government motor vehicle may be issued at the close of the preceding working day and taken home. Similarly, when an employee is scheduled to return after the close of working hours, the motor vehicle may be taken home and returned the next regular working day.

**103-38.301-58 USE OF GOVERNMENT-OWNED MOTOR VEHICLES BY COST REIMBURSEMENT TYPE CONTRACTORS.**

- A. Cost reimbursement type contractors and Indian organizations that have "Compact Agreements" may be authorized to use government-owned vehicles when such authorizations are incorporated in the contract in order to meet performance needs of the contract. Vehicles provided shall be used for official purposes only in the execution of the contract.
- B. Vehicles provided may be acquired from excess of other Federal agencies. Such vehicles are then controlled as contractor inventories of government property.
- C. Cost reimbursement type contractors may also be authorized to use vehicles from GSA Interagency Motor Pools in lieu of obtaining loaned vehicles from the agency involved.

**103-38.301.59 UNAUTHORIZED USE**

- A. Incidents of alleged unauthorized vehicle use are to be reported to the component vehicle manager for investigation and, where appropriate, corrective actions and recommendations for disciplinary actions.
- B. When incidents of alleged unauthorized vehicle use are reported by GSA, the component fleet manager will respond directly to GSA according to their instructions.
- C. Component fleet managers will provide the Department Fleet Manager with a copy of all vehicle misuse complaints and corrective action plans.

**103-38.301-60 INSTRUCTIONS TO DHHS MOTOR VEHICLE OPERATORS.**

Each component shall establish a system to inform DHHS employees, who use government vehicles, concerning:

- A. The statutory requirement that government motor vehicles shall be used only for official purposes;
- B. Personal responsibility for safe driving and operation of government motor vehicles, and for compliance with Federal, State, and local laws and regulations including any penalties incurred for violations thereof, and all accident reporting requirements;
- C. The penalties for unauthorized use of government motor vehicles;
- D. The prohibition against picking up strangers or hitchhikers and limitations on the transportation of non-official passengers authorized at 103-38.301-52.
- E. The proper care, control and use of government credit cards;
- F. Mandatory use of seat belts by each occupant operating or riding in a government motor vehicle;
- G. Any other duties and responsibilities assigned to motor vehicle operators with regard to the use, care, operation, and maintenance of government motor vehicles;
- H. Their potential income tax liability when they use a government motor vehicle for transportation between home and place of employment;
- I. The prohibition against smoking in government vehicles;

and

- J. Protection for DHHS employees under the Torts Claim Act (28 USC 2671) when acting within the scope of their employment.

**Subpart 103-38.4 USE AND REPLACEMENT STANDARDS.**

**103-38.402-51 PROMPT DISPOSAL OF REPLACED MOTOR VEHICLES.**

- A. A replaced motor vehicle shall be removed from service and disposed of prior to or as soon as practicable after delivery of the replacement motor vehicle to avoid concurrent operation of both motor vehicles.
- B. Because of disposal problems, there may be occasions where quick disposal of the old motor vehicle may not be feasible or advantageous to the government, e.g., it may be determined that there is an insufficient number for economical sale, or that sale would bring substantially better prices at a later date because of seasonal effects on sale prices. Under such circumstances, temporary retention of the replaced motor vehicle may be justified. However, such retention may not be used as justification for concurrent operation of the new and replaced motor vehicles. The replaced motor vehicle must be placed in an inactive status. Vehicles should be disposed of through normal GSA procedures.

**103-38.402-52 UTILIZATION OF MOTOR VEHICLES.**

It is DHHS policy to keep the number of motor vehicles to the minimum needed to satisfy programmatic requirements.

- A. To attain this goal, controls and practices shall be established which will achieve the most practical and economical utilization of motor vehicles. These controls and practices apply to all DHHS-owned and -leased, and GSA IFMS motor vehicles. Periodically, local fleet managers should compare the costs of using IFMS passenger vehicles against the cost of reimbursing employees for using their personal vehicles. This can be accomplished by calculating the number of miles an IFMS vehicle has to be driven during a month to cost the same as reimbursing an employee to drive a POV for the same number of miles during a month. The following formula may be used to calculate the number of miles per month an IFMS passenger vehicle has to be operated to equal the costs of reimbursing a POV:

$A \times R = F + A \times r$  where A = mile per month  
R = the reimbursement rate for  
POV's (currently \$.30)  
F = fixed monthly charge for a  
GSA vehicle  
r = rate per mile charged for  
equivalent GSA vehicle

For example when R = \$.30; F = \$155; and r = \$.115

$$A \times \$.30 = \$155 + A \times \$.115 \quad \text{or} \quad .30A = 155 + .115A$$

$$.185A = 155 \quad \text{or} \quad A = 838 \text{ miles/month}$$

In this case an IFMS passenger vehicle would have to be driven 838 miles per month to make its usage as cost effective as reimbursing an employee's use of a POV.

- B. In making this determination the local fleet manager should also take into consideration other factors, such as local road conditions would cause excessive wear and tear on the POV, the nature of the mission to be performed would be enhanced by the use of an "official" vehicle, and the nature of the mission to be performed causes the vehicle to have low usage, etc.

**Subpart 103-38.5 - SCHEDULED MAINTENANCE.**

**103-38.502-50 DHHS GUIDELINES.**

- A. Whenever practicable and cost effective, commercial service facilities shall be utilized for the maintenance of motor vehicles.
- B. Individual vehicle maintenance records shall be kept to provide records of past repairs, as a control against unnecessary repairs and excessive maintenance, and as an aid in determining the most economical time for replacement.
- C. One-time maintenance and repair limitations shall be established by the Component Fleet Managers for DHHS-owned vehicles and for commercially leased vehicles if not specified in the lease. To exceed repair limitations, approval of the Component Fleet Manager is required.
- D. DHHS components will take full advantage of manufacturers warranties. When motor vehicles are maintained in government repair facilities in isolated locations that are distant from franchised dealer facilities, or when it is not

practical to return the vehicles to a dealer, a billback agreement shall be sought from manufacturers to permit warranty work to be performed on a reimbursable basis.

**Subpart 103-38.6 - REPORTING MOTOR VEHICLE ACCIDENTS.**

**103-38.601-50 REPORTING ACCIDENTS.**

All motor vehicle accidents shall be reported to the Component Fleet Manager. Accidents which have been determined to be the fault of the government motor vehicle operator shall be reviewed by a Board of Survey and a copy of the results of the Board of Survey shall be provided to the Department Fleet Manager.

**Subpart 103-38.8 - STANDARD FORM 149, U.S. GOVERNMENT NATIONAL CREDIT CARD.**

**103-38.800-50 ADDITIONAL DHHS CONTROLS ON CREDIT CARDS.**

- A. All motor vehicle operators shall be provided with appropriate instructions regarding the use and protection of credit cards against theft and misuse.
- B. In the event an SF 149 is lost or stolen, reasonable precautions shall be taken to minimize the opportunity of purchases being made by unauthorized persons. The paying office shall be notified immediately of the loss or theft and to be on the alert for any unauthorized bills.

**Subpart 103-38.9 - FEDERAL MOTOR VEHICLE FLEET REPORT.**

**103-38.903-50 REPORTING DHHS MOTOR VEHICLE DATA.**

DHHS OPDIVs shall report to the Department Fleet Manager the number of owned and commercially leased motor vehicles no later than December 1 of each year. Standard Form 82 is to be used for making this report.

**Subpart 103-38.50 - LOCAL MOTOR VEHICLE MANAGEMENT**

**103-38-5001 LOCAL MOTOR VEHICLE MANAGER RESPONSIBILITIES.**

Each local DHHS office, which operates motor vehicles, shall designate in writing a local motor vehicle manager who shall be responsible for directing the operation of the motor vehicle fleet, and shall:

- A. Operate the fleet in accordance with applicable laws and regulations, and DHHS and local directives;
- B. Ensure that an adequate system of records including logs of home-to-work usage are established and maintained;
- C. Perform and document reviews at least annually of assignments to individuals or organizational components to determine if continued assignment is justified;
- D. Perform and document an annual review of motor vehicle utilization statistics to identify underutilized motor vehicles as prescribed in 103-38.5004. Vehicles not meeting the use standards should be declared unrequired and disposed of or justification for continued usage should be prepared and submitted to the component fleet manager for review and concurrence;
- E. Rotate motor vehicles between high and low mileage assignments; and
- F. Perform documented trend analyses of the annual costs of the motor vehicle fleet and review present operations and new requirements for the purpose, where feasible and cost effective, of establishing alternative sources for the motor vehicle fleet operation, e.g., pooling arrangements, shuttle bus service, taxicabs, and joint utilization by several groups.
- G. Assure the maintenance of individual motor vehicle use records, such as trip tickets or vehicle logs, showing sufficiently detailed information to evaluate appropriateness of assignment and adequacy of use being made. If one-time use is involved, such as assignments from motor pools, the individual's trip records must, as a minimum, identify the motor vehicle and show the name of the operator, dates, destination, time of departure and return, and mileage;

**103-38.5002 LOCAL USE OBJECTIVES.**

- A. Individual motor vehicle utilization cannot always be measured or evaluated strictly on the basis of miles operated or against any Department-wide mileage standard. For example, light trucks specifically fitted for use by a plumber, welder, etc., in the performance of daily work assignments, would have uniquely tailored use objectives, different from those set forth for a truck used for general purposes. Accordingly, efficient and cost effective local use objectives, which represent practical units of

measurement for motor vehicle utilization and for planning and evaluating future motor vehicle requirements, must be established and documented by the local motor vehicle manager. The objectives should take into consideration past performance, future requirements and special operating conditions.

- B. These objectives shall be reviewed and adjusted as appropriate, but not less often than annually, by the local motor vehicle manager. The reviews shall be documented and provided to the Department Fleet Manager when requested.

**103-38.5003 APPLICATION OF USE GOALS.**

- A. At least annually, the local motor vehicle manager will review motor vehicle utilization statistics and all motor vehicles failing to meet the applicable GSA utilization standard or local use objective must be identified.
- B. Prompt action must be initiated to (1) reassign the underutilized motor vehicles, (2) dispose of the underutilized motor vehicles, or (3) obtain a special justification from users documenting their continued requirement for the motor vehicle and any proposed actions to improve utilization. Any requirement for underutilized motor vehicles which the local motor vehicle manager proposes to continue in its assignment, must be submitted in writing to the Component Fleet Manager for approval.

**SUBPART 103-38.53 WATERCRAFT.**

**103-38.5300 SCOPE.**

This subpart establishes basic policies and procedures that apply to the management of watercraft operated by DHHS organizations and contractors.

**103-38.5301 DEFINITIONS.**

As used in this subpart the following definitions apply:

- (a) "Watercraft" means any vessel used to transport persons or material on water.
- (b) "Rules of the Road" means laws which govern the operation of watercraft on (1) Great Lakes, (2) Western Rivers, (3) Inland, and (4) International Waters.

**103-38.5302 WATERCRAFT OPERATIONS.**

- A. No person may operate a watercraft on a waterway until skill of operation, knowledge of rules of the road, and basic watercraft knowledge have been exhibited to his supervisor and the supervisor has attested in writing that the employee is qualified to operate the watercraft.
- B. Before a watercraft is put underway, the operator shall check the vessel to ensure that the vessel is seaworthy and that the necessary equipment, including personal flotation devices, lights, radio, and flares or other emergency signaling devices, as required by laws applicable to the area of operation, are present, properly stowed and in proper working order. Optional equipment recommended by the U.S. Coast Guard or other competent authority shall also be included when determined to be necessary by the responsible field office.
- C. Operators shall comply with all applicable Federal, state and local laws pertaining to the operation of watercraft.
- D. Operators shall not use watercraft or carry passengers except in the performance of official Departmental assignments.

**103-38.5303 WATERCRAFT IDENTIFICATION AND NUMBERS.**

Watercraft in the custody of DHHS or DHHS contractors shall display identifying numbers, issued by the U.S. Coast Guard, State government or local field office, in accordance with applicable State requirements.

**103-38.5304 DISPLAY OF FLAGS AND SEAL.**

Watercraft with overall length of twenty (20) feet or more, except barges, shall display the U. S. Ensign (National Flag). The display of the Departmental flag is optional. Location and times of display of flags shall be in accordance with accepted practice.



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Subchapter H UTILIZATION AND DISPOSAL

Part 103-42 UTILIZATION AND DISPOSAL OF HAZARDOUS MATERIALS  
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**103-42 UTILIZATION AND DISPOSAL OF HAZARDOUS MATERIALS  
AND CERTAIN CATEGORIES OF PROPERTY**

**103-42.000 SCOPE.**

This part prescribes the special policies and procedures governing the utilization, donation, sale, exchange, or other disposition of hazardous materials, dangerous property, and other categories of property with special utilization and disposal requirements.

**103-42.001 DEFINITIONS OF TERMS.**

**A. "Resource Conservation and Recovery Act (RCRA)" means:**

In 1976 Congress enacted RCRA to protect human health and the environment from improper solid and hazardous waste management. It was amended in 1984 with the Hazardous and Solid Waste Amendments (HSWA) to prohibit land disposal of hazardous wastes. RCRA controls most hazardous chemical wastes through a manifest and record-keeping system from the point the waste is generated to its ultimate disposal. The EPA is charged with the duties of promulgating and enforcing the RCRA regulations. These regulations are codified in volume 40 of the CFR. For generators, Chapter I - Solid Wastes, Parts 240-271 are the most pertinent sections to reference. Federal facilities are required to comply with these regulations. EPA has established stiff penalties for individuals who knowingly or unknowingly violate their regulations.

**B. Additional definitions of hazardous terms will be found in the FPMR at 101-42.001.**



(ADDED) 103-42.003-50 HHS HAZARDOUS MATERIAL MANAGEMENT

103-42.003-50 SCOPE.

This subpart prescribes the policies and methods governing the management of HHS hazardous property, materials and waste.

103-42.003-50.1 POLICY

HHS Logistics personnel (i.e., Property, Supply, Transportation and Distribution activities) will comply with all applicable federal, state, and local environmental laws and regulations in the performance of their mission. HHS Personnel that handle (meaning to: deal with, act on, or dispose of) hazardous materials (meaning: property, equipment, commodities, etc.) will be proficient and responsible in operations that involve the handling, temporary storage, transportation, and disposal of hazardous property while insuring timely and cost effective action.

103-42.004-50 GENERAL.

- A. HHS components use and dispose of hazardous property in the daily routine of doing business. It is our responsibility to protect the safety of our personnel, the public, and the environment; therefore, each HHS component must insure that all laws and regulations concerning hazardous property are followed.
- B. HAZARDOUS PROPERTY (HP).

Hazardous property includes materials, equipment containing certain materials, or Resource Conservation and Recovery Act (RCRA) hazardous wastes that have one or more dangerous characteristics, as established by EPA, DOT, OSHA, NRC, etc. Examples of characteristics that show a material may be hazardous are: flammable solid or liquid, e.g., gasoline, kerosene, rubber cement; fatal or toxic if swallowed, e.g., poisons; corrosive or burns the skin, e.g., acids, ammonia; etiological agents, e.g., the products of human blood; produces toxic fumes, vapors, mists, or dust during normal operations or if burned, e.g., asbestos, lead paint; reactive, explosive, or under pressure, e.g., dynamite and compressed gas cylinders; radioactive materials (sealed sources in liquid scintillation counter equipment), or is labeled by the manufacturer or previous user as dangerous or toxic to animals and/or the environment. More information on the definition of HP is provided in the FPMR at 101-42.001B.

1. The EPA and DOT identify certain property (materials) as hazardous in the Federal regulations. There are similarities between the EPA and DOT definitions of hazardous properties although each use different hazard classification systems. It is important to understand the relationship and requirements of each system.
  2. DOT regulates hazardous property during shipment. The EPA regulates hazardous property when it becomes waste during storage, transportation, and disposal or recycling.
  3. The EPA and DOT vary in their definitions about when specific characteristics are classified as "hazardous" in each system. For example, a cleaning acid may be regulated by DOT during shipment, but may not be regulated by the EPA when it becomes waste. However, all EPA hazardous waste must meet the DOT requirements for shipment of hazardous materials or property when waste is shipped off-site. The local safety/environmental component can best advise the status of any properties in question and what procedures must be followed.
- C. Hazardous materials/property shall be handled according to current Occupational Safety and Health Administration (OSHA) regulations in Title 29 of the Code of Federal Regulation (CFR), transported following Department of Transportation (DOT) regulations in Title 49 of the CFR; disposed of according to Environmental Protection Agency (EPA) regulations in Title 40 of the CFR; and managed according to the Federal Property Management Regulations, and any other Federal, State and local regulations that apply to hazardous property handling, transportation, and disposal.
- D. Logistics personnel shall not handle, store, transport, or dispose of any property containing radioactive material. Radioactive material shall be managed following the U. S. Nuclear Regulatory Commission (NRC) requirements (10 CFR 20).
- E. WARNING! Personal mishandling or mismanagement of hazardous property or materials can result in the imposition of severe civil and criminal penalties.

- F. All questions pertaining to handling of hazardous property will be directed to the environmental/safety office in your organization or to your local safety office. HHS Logistics components shall review, in cooperation with the safety/environmental component assigned, their procedures and training requirements. This shall be done to insure that information on the proper disposition for hazardous property is distributed to all logistics components.

**103-42.004-50.1 RESPONSIBILITIES.**

- A. HHS component responsibilities are as follows:
1. Comply with current Occupational Safety and Health Administration (OSHA), Department of Labor regulations; Department of Transportation (DOT) regulations when hazardous material is handled, used, and transported.
  2. Comply with current Environmental Protection Agency (EPA) regulations; Nuclear Regulatory Commission (NRC) regulations, Federal Property Management Regulations; and other Federal, State or local regulations as applicable when disposing of hazardous material.
    - a. The safety/environmental component is responsible for the overall implementation of the HHS safety program including hazardous materials. They are responsible for developing safety standards, regulations and monitoring safety and occupational health compliance for the component.
    - b. The Head of Logistic Components (i.e., Property, Supply, Transportation, and Distribution functions) shall insure all personnel are aware of the policies and methods of the management of hazardous property prescribed in this manual. It is the responsibility of all component staff to comply with the guidance in the manual.
    - c. The user of hazardous property/materials, in coordination with the Property Management Officer (PMO) and the Property Custodial Officer (PCO), decides at what point the hazardous property/materials are no longer needed or usable and accordingly becomes waste. When the hazardous property becomes waste, the user together with the PCO shall notify the safety/environmental component and turn the waste over to them for disposal; if there is not a safety/environmental

component, the user and the PCO are responsible to ensure that the properties are stored, transported, disposed, or recycled following the EPA, DOT, OSHA, state, and local laws and regulations.

**NOTE:** The user of hazardous property/materials are more acquainted with determining when the hazardous property/material has reached it's useful life span and becomes a waste product.

3. Where feasible, minimize quantities of hazardous property through resource recovery, recycling, source separation, use of non-hazardous substitutes, and component acquisition policies.
4. Properly identify, package, label, and certify conformance with established environmental, safety, and transportation criteria before transferring accountability of hazardous property to another agency.

Components with hazardous materials or hazardous wastes to be moved should choose their carriers with care. All Logistics Components shipping hazardous property or hazardous waste shall follow DOT and the EPA regulations. Additional help may be obtained from the standards published in the Federal Motor Carrier Safety Regulations and the National Solid Waste Management Association's Chemical Waste Transportation Council publications. (Addresses will be furnished in final LMM).

5. Provide for disposal of the following categories of hazardous property:
  - a. Toxicological, biological, radiological, and lethal materials that, by U.S. law must be destroyed.
  - b. Hazardous materials generated by a contractor of HHS are the contractor's responsibility for disposal under the terms of the contract. The safety/environmental component in cooperation with the contracting officer must insure the contractor generated hazardous materials are transported and disposed of in compliance with the law.

- c. Unique wastes and residues of a nonrecurring nature which research and development experimental programs generate.
  - d. Wastes and residues (including contaminated soils) resulting from cleanup of sites associated with long-term widespread contamination of the environment.
- 6. Accomplish documentation (including records) for disposal actions as required under applicable environmental and other pertinent laws and regulations.
  - 7. Initiate contracts or agreements for disposal actions and disposal technology not available within HHS.
  - 8. Minimize environmental risks and costs associated with extended care, handling, and storage of reportable (see LMM 103-43.304) or nonreportable (see LMM 103-43.305) hazardous property by advising GSA to significantly compress the screening/sale cycle.

**NOTE:** Components may need to produce signs, that identify hazardous storage areas, in English and the predominant language of the local area (i.e., Spanish, French, German, etc.) if other than english.

- 9. Operate a system to ensure that sufficient disposal capability is programmed to preclude extended delays in the hazardous property disposal process.
  - 10. Assure that HW Treatment, Storage, and Disposal (TSD) contracts provide for disposal in RCRA permitted facilities and listings of EPA ID numbers for each TSD in the contract are available to the component Director.
- B. Components that have Photography and X-ray activities will remove the silver from all used hypo before discharge into a waste disposal system leading to the environment.
  - C. Decontamination certificates shall be produced by the components in cooperation with the local safety component and the property management component.
  - D. The principal user is responsible for the following before turn-in of unrequired property:

1. Surgical instruments, that are not of a cutting nature and turned in as unrequired (not surgical blades!) must have a certificate (signed by the principal user or their supervisor) to document that the instruments have been sterilized and decontaminated attached to the instrument. All turn-in documents will bear the same certification.

Note: The property management component should not receive any materials that are considered infectious medical waste as excess property. All used and loose instruments of a cutting nature are covered in this manual at 103-42.005-50B2a

2. All bottles, vials, and residue of experiments will be removed from all laboratory property prior to turn-in as unrequired to the needs of the laboratory.
3. Animal cages will be cleaned of all refuse and decontaminated from all hazardous property (e.g., chemical, biological and radioactive) prior to turn-in as unrequired property.
4. Property containing mercury as a part of the apparatus will be packaged to prevent spillage or damage to the unit holding the mercury before designating the apparatus as unrequired property. It is recommended, however, that the mercury be extracted from the equipment by trained personnel within the organization that used the equipment. The extracted mercury shall be collected and turned into the safety/environmental office who is responsible for waste management to store and subsequently dispose of the mercury.
5. Gas chromatography equipment containing Electron Capture Detectors (ECDs) that contain radioactive material (i.e., Nickel-63 (Ni-63) must have the ECDs removed by trained personnel (the principal user or his/her supervisor and the Radiation Safety Officer (RSO) prior to reporting the equipment as unrequired property. The RSO must be notified if any ECDs are removed from the equipment.
6. Liquid Scintillation Counters containing sealed sources that contain radioactive materials (i.e., radium-226 (Ra-226), cesium-137 (CS-137), or Barium (Ba-133) must have the sealed sources removed prior to reporting the equipment as unrequired property. Arrangements shall be made by the Radiation Safety Office (RSO) for the

removal of sources from the equipment. Accountability, inventory, and leak tests (i.e., wipe surveys) must be conducted on this equipment as a condition of the radioactive material license issued by the Federal and/or State regulatory agencies.

E. CHLOROFLUOROCARBON (CFC).

Components will not dispose of refrigeration and air conditioning units, or refrigerators declared scrap, with the CFCs (freon) inside the compressors. The Freon must be removed from the compressors in a way to prevent discharge into the environment. Spent Freon is considered a hazardous waste and SHALL NOT be discharged into the environment. Any intentional discharge is a violation of the Clean Air Act (42 U.S.C. 7401 et. seq.). Equipment is available in the marketplace to extract and store the freon safely. Freon may be recycled/reused. Procurement of needed equipment for the extraction is encouraged when economically feasible. A service contract for the removal of the freon shall be used when not economically feasible to purchase the extraction equipment.

F. Motor vehicle operations:

1. Components with vehicle maintenance operations will dispose of all waste petroleum products following EPA and state regulations.
2. All batteries (auto or other vehicles) shall be stored, away from flammable material with the terminals protected to prevent short circuits, in a well ventilated area that will afford them protection from the elements. Overheated or frozen batteries could rupture allowing the electrolyte (battery acid) to escape into the work area or the environment. In either case there is a danger presented by the electrolyte.
  - a. Used motor vehicle batteries turned in for disposal shall be marked with the date of turn-in on the body of the battery and provided the same protection, as above, prior to removal from temporary storage. All used batteries will be turned over to the safety/environmental components hazardous waste contractor (if available) for transportation to a disposal site.
  - b. When procurement of new motor vehicle batteries is necessary, the procurement component should draft

the purchase order for the vendor to take the used batteries on delivering the new batteries. This will eliminate the need for disposal of used batteries. The environmental office assigned shall insure the vendor, and disposal/merchandising outlets the vendor uses, are in compliance with federal and local regulations pertaining to transportation, recycling and disposal of batteries.

NOTE: All wet cell batteries will be managed and treated the same as motor vehicle batteries.

3. Components having problems disposing of used tires from HHS owned vehicles, not acceptable for recapping, should draft purchase orders for new tires to include the vendor remove the used tires when delivering the new tires. The environmental office assigned shall insure the vendor, and disposal/merchandising outlets the vendor uses, are in compliance with federal and local regulations pertaining to transportation, recycling and disposal of used tires.

**103-42.004-50.2 RESPONSIBILITIES FOR POLYCHLORINATED BIPHENYL (PCB) ITEMS.**

PCBs are regulated by the Toxic Substances Control Act (TSCA) (15 U.S.C. 2601 et seq.). Handling and disposal of PCBs must be in compliance with the TSCA and with the EPA Regulations (40 CFR Part 761), PCBs Manufacturing, Processing, Distribution in Commerce, and Use Prohibitions. Procedures also must be in compliance with 49 CFR Part 172, DOT Hazardous Materials Tables and Hazardous Materials Communications Regulations. Additional information is found in the FPMR at 101-42.1102-2.

NOTE: The provisions of RCRA do not apply to PCBs. However, state laws may be more stringent regarding PCBs than Federal laws and regulations.

- A. The following list of property, cooled by oil, will be handled as containing PCBs unless placarded by the manufacturer, and must be hermetically sealed units, non-PCB or been tested and the test results accompany the item confirming PCBs are not present in the property. Any tests performed to document presence or absence of PCBs are the responsibility of the owning component. Disposal of this list of items will not be accomplished without appropriate test results.

1. Hydraulic system components (fluids)
2. Transformers.
3. Capacitors.
4. Circuit breakers.
5. Voltage regulators.
6. Electromagnets.
7. X-Ray units.
8. Microscope immersion oil.
9. Machine tools.
10. Fluorescent light ballasts.
11. Electron Microscopes.

- B. Components in possession of property in the above list will comply with the laws and regulations concerning PCBs. Manufacturers may be contacted for assistance to learn PCB content of their equipment. Any PCB spill must be immediately reported to the component safety/environmental office because of stringent PCB clean up requirements. Component safety/environmental offices can furnish additional information and assistance on matters concerning PCBs.

**103-42.004-50.3      LEAD CONTAINING PAINT AND ITEMS BEARING LEAD CONTAINING PAINT.**

New/unused lead-containing paint and items bearing lead-containing paint shall be handled and disposed of following the FPMR at 101-42.1102-7. Lead-containing paint containers that have been opened and items bearing lead-containing paint that are found to be unusable shall be disposed of following the FPMR at 101-42.406 and in coordination with the component safety office. Components with established commercial hazardous material disposal contracts shall turn the lead-containing materials over to the contractor for proper disposal.

**103-42.005-50      PHYSICAL CUSTODY.**

HHS' policy is to store safely hazardous materials and wastes to protect human health and the environment, and in such a manner as to create optimum conditions for reduction of the HHS waste stream through utilization, donation and sales efforts..

- A. CONDITIONS FOR ACCEPTING PHYSICAL CUSTODY OF HAZARDOUS PROPERTY INTO THE UNREQUIRED/EXCESS PROPERTY PROCESS.
1. To prevent contaminated property or property containing hazardous materials, e.g., radioactive, chemical and/or biological materials or residues, from entering the excess property stream, the principal user or his/her

supervisor shall attach to the equipment/property, a certificate that he/she has signed to document that the equipment has been decontaminated and all hazardous materials have been removed before reporting, to the property management component, the equipment as unrequired to the needs of the user. This certificate is specifically required for all instruments used in research laboratories where there is a greater potential for contamination. All turn-in forms to request removal of unrequired equipment also will bear the certification of decontamination signed by the principal user/supervisor.

2. The property management component shall not request movement nor accept unrequired property into the excess program without a completed decontamination certificate attached to the property and a decontamination certification on the turn-in document or the request for movement document.
    - a. The property management unit will under no circumstances take part in any activity to remove any hazardous material from equipment offered as excess. If necessary, the property management personnel will contact the local safety office for guidance if they suspect the presence of hazardous materials.
    - b. Decontamination certificates shall be produced and provided by the using component. All unrequired property to be turned in to the property management component, shall have a completed decontamination certificate attached. Decontamination will be performed, by the user or qualified decontamination personnel, and the certificate shall be prepared and signed by the principal user or his/her supervisor.
    - c. New/unused surgical instruments including surgical blades in the original packaging shall be handled as normal unrequired property. Decontamination certificates shall be attached to each unopened original package.
- B. SPECIFIC HAZARDOUS PROPERTY NOT PHYSICALLY HANDLED BY PROPERTY MANAGEMENT COMPONENTS.
1. RADIOACTIVE MATERIAL.

HHS Logistics Components shall not process unrequired radioactive property through the property management program. Radioactive properties or materials are managed by the Radiation Safety Office (RSO) according to stringent regulations and laws of the Nuclear Regulatory Commission (NRC) and/or the laws of the NRC designated agreement states, also refer to FPMR 101-42.1102.4.

- a. All radioactive property shall be managed by the Radiation Safety Office or the NRC licensed contractor for the previous owner of the equipment. Please note that it is illegal for the property management unit to remove any labels from equipment that show the equipment contained radioactive materials. The RSO is the only individual who can remove such labels after he/she has documented the equipment is free of any source of radioactivity. The property management component shall contact the RSO if they suspect any equipment may be contaminated with radioactivity or contains a radioactive source.
- b. Property contaminated by radioactivity from solutions, gases, etc. must first be decontaminated by trained personnel (the principal user or the RSO), certified free of radioactivity by the RSO or his/her designee, and officially cleared by the RSO and labeled as such. The RSO or his/her designee will place a signed certificate on all such equipment to show it has been cleared by the Radiation Safety Office. The property may then be reported as unrequired and transferred to the property management unit in the same manner as any other property.
- c. Laboratory property, containing licensed radioactive property, must be cleared by the RSO before it can be declared unrequired to the needs of the using component. The RSO will officially clear the equipment as excess and sign the certificate attached to the equipment. Removal of any radioactive parts of equipment shall be accomplished by trained personnel in the Radiation Safety Office or a licensed contractor.

## 2. MEDICAL AND INFECTIOUS WASTES.

- a. All used and loose sharp surgical instruments, (including hypodermic needles, syringes with attached needles, and surgical blades) shall be considered infectious medical waste and will be disposed of as such with the medical waste contractor or on-site with arrangements through the local safety office.
- b. Medical or biological property, e.g., operating room residue, used surgical clothing, used bandages and dressings, and biological materials, shall be considered as infectious medical waste. Again, property management components shall not receive any of this property for disposal. Arrangements for disposal of this type property shall be made through the local safety/environmental office (on-site or special contracts).

**103-42.005-50.1      REPORTING HAZARDOUS PROPERTY FOR UTILIZATION AND SALES.**

HHS components reporting hazardous materials for utilization and sales shall accomplish this by following guidelines in LMM 103-42.2, 103-42.3, 103-42.4, and applicable FPMRs at 101-42.2, 101-42.3, 101-42.4.

**103-42.006-50      IMPLEMENTATION OF RCRA.**

Individual facility directors/managers are responsible for implementing and conducting their component activities according to the Resource Conservation and Recovery Act (RCRA). Safety/environmental components are responsible to the facility directors/managers for the operation of the facility RCRA program.

**103-42.006-50.1      REPORTING OF HAZARDOUS MISHAPS.**

HHS personnel are responsible for reporting any radioactive property or hazardous property spills, no matter how small. They will report any spills/mishaps to the safety/environmental component, or to an in-house Emergency Hazardous Material Response Group/Fire Department Haz/Mat Team established by the Spill Contingency Plan, and their immediate supervisor. The spill or mishap area will be controlled and protected, if possible, by the person reporting the mishap/spill until arrival of the Emergency Hazardous Material Response Group/Fire Department Haz/Mat Team. The supervisor will report the spill/mishap immediately to the Safety Office. The Safety Office will

remediate the spill/mishap according to the Spill Contingency Plan (See 40 CFR 265.51, et.al.). When required, the component safety/environmental office will report any releases, required to be reported by EPA regulations, to the appropriate regulatory authorities within 24 hours. Failure to do so may result in fines, for violations of the laws, for the component.

**103-42.006-50.2      TRAINING.**

HHS Components shall insure all logistics personnel, (Property, Supply, Transportation and Distribution activities), including contract personnel, shall be trained in the use of any required personal protective equipment; emergency response to hazardous mishaps; hazard communication; radiation safety; reporting hazardous mishaps; and understand the reporting procedures. Component safety offices shall be tasked to provide the training mentioned above.

**103-42.007-50    HAZARDOUS WASTE MANAGEMENT PLAN.**

Implementation of the comprehensive hazardous waste management program, mandated by RCRA, requires maximum cooperation of all components in HHS. Logistics Components are not responsible for the hazardous waste management plan, other than compliance and cooperation with the safety/environmental component. The following guidance applies to development and implementation of a Hazardous Waste Management Plan:

- A. The facility director/manager is responsible for developing and implementing a Hazardous Waste Management Plan. This plan shall identify and implement hazardous waste management actions required by RCRA.
- B. The director/manager of a component shall ensure that inspections, safety precautions and actions, records, etc., as established in the Hazardous Waste Management Plan, are accomplished for hazardous property that the component has physical custody and accountability.

Property accountability records should reflect the nature and extent of the actual or potential hazard and show any Federal, State, or local regulations governing the property.

**103-42.008-50    MANIFESTS.**

A uniform Hazardous Waste Manifest (UHW) is a special shipping paper used for tracking the movement of hazardous waste. The Environmental Protection Agency (EPA) and the Department of

Transportation (DOT) regulations require that all shipments of hazardous waste must be accompanied by a hazardous waste manifest. The manifest serves as part of the "cradle to grave" record of the waste that documents proper management of the waste. HHS components shipping hazardous wastes shall prepare a UHWM to accompany all offsite shipments of hazardous waste and will include a 24-hour emergency notification telephone number. The activity permit holder has primary responsibility for signing manifests, but may delegate signature authority.

**103-42.008-50.1      MARKING.**

All hazardous material will be marked. Markings must be printed in English, and the predominant language of the local area, on the surface of the package or on a label, tag, or sign securely affixed to the package. They must be displayed on a background of sharply contrasting color, must be unobscured, and must be durable.

**103-42.008-50.2      LABELING.**

HHS components shall follow U. S. Department of Transportation (DOT) requirements for labeling packages containing hazardous materials. A primary source for labeling information is 49 CFR 172.101 (Hazardous Material Table). NOTE: Multiple labels are required in those cases where hazardous material meets the definition of more than one hazard class (i.e., Radioactive and poison) to include exceptions for small quantities. When radioactive material and another hazardous material is in the same package, the package will display labels for both hazardous items.

**103-42.009-50      RECORD KEEPING AND REPORTING.**

HHS components shall coordinate with safety/environmental office records keeping function to insure compliance with Federal and State hazardous waste record keeping and reporting requirements.

**103-42.010-50      RECOVERY OF SILVER FROM USED/SPENT PHOTOGRAPHIC FIXER SOLUTION (HYPO SOLUTION).**

The Environmental Protection Agency (EPA) has identified photographic fixer solution (hypo solution), with more than 5 parts per million (ppm) silver present, to be a hazardous waste. Some states have established more stringent discharge standards. Components generating photographic used/spent hypo (fixer) solution from the film developing operations shall handle all such solutions as hazardous waste unless the silver is recovered from the solution before disposal. Various silver recovery

systems are available commercially. Arrangements for the recovery of the silver will be handled by the safety/environmental office. The safety/environmental component is available to advise on the installation and operation of a silver recovery system and its feasibility according to local waste regulations. The disposal of the recovered silver shall be done through a GSA recovery contract, commercial cost reduction service contract or turned in to the property management component for disposal through the DoD Precious Metals Program. Records of the recovered silver must be maintained for reports required by the FPMR 101-45.1002-2.

It is the responsibility of the program user to insure the equipment, of the contractor's or equipment owned/leased/received through the DoD program by the component, is treating the hypo solution and reducing the silver content below the EPA/local state standards before discharge into a drainage system leading to the environment. The safety/environmental component will insure the service contractor complies with federal and state regulations and laws for transportation, recycling and disposal of recovered silver from the silver recovery units/systems. If a GSA or commercial service contract is not available, silver recovery equipment may be obtained by:

- A. Interservice Support Agreement/Memorandum of Understanding through the DoD/DLA Precious Metals Recovery Program.
- B. Local procurement by the component.



**Subpart 103-42.2 UTILIZATION OF HAZARDOUS MATERIALS AND  
CERTAIN CATEGORIES OF PROPERTY.**

**103-42.200 SCOPE.**

This subpart prescribes the special policies and methods for the utilization and transfer of hazardous materials and other certain categories of property in HHS in addition to the requirements of LMM Part 103-43.

**103-42.200-1 POLICY.**

- A. HHS components shall minimize the Department's liability by fully using hazardous materials on hand before acquiring additional items. Excess hazardous material must be made available for utilization by other federal agencies. All acquisitions and disposal of hazardous materials shall be coordinated with the safety/environmental component.
- B. Safety Offices shall ensure all contractors using hazardous materials, during a contract operation, remove their excess at the termination of the contract. HHS components shall not accept accountability or responsibility for hazardous material that has not been procured by an HHS component.
- C. Components shall acquire and maintain minimum stock levels of hazardous materials commensurate with program demands. Cost and method of disposal shall be considered prior to acquiring any hazardous materials. A substitute for a hazardous material may have a higher initial cost, but lower disposal cost. This may eliminate needing personal protective clothing and equipment or medical monitoring, there by greatly reducing the "cost" of the material.

**103-42.201 RESERVED.**

**103-42.202 IDENTIFICATION OF HAZARDOUS MATERIALS.**

- A. The Federal Acquisition Regulation (FAR) require that manufacturers identify and document potential hazards on material safety data sheets (MSDS) as part of the acquisition process. GSA's Federal Supply Service (4FQ) maintains an automated data base, accessible via modem and computer terminal, that contains MSDSs for all GSA-procured hazardous materials. In addition to display of the MSDS on the terminal screen, the system allows for the addition of the MSDS to the user's local data base and the transmission of the MSDS via facsimile to the user's site. Detailed instructions on how to access this system may be obtained by

sending a self-addressed envelope to General Services Administration, Federal Supply Service (4FQ), Attn: MSDS Coordinator, 401 W. Peachtree St., NE, Suite 3021, Atlanta, Georgia 30365.

- B. The Hazardous Materials Information System (HMIS) is a collection of MSDS information, transportation information, and disposal information that was established by the Department of Defense to assist personnel who handle, store, ship, use, or dispose of hazardous materials. Each record in the data base is defined by a stock number (either national stock number or local numbers), the manufacturer's contractor and Government entity (CAGE) Code, and a part number indicator which is linked to the manufacturer's part number or trade name. The data base (DOD 6050.5L) is available on microfiche and compact disc-read only memory (CD-ROM) through the Naval Computer and Telecommunication Area Master Station, Atlantic (NCTAMS LANT), Attn.: Code 911.3, Norfolk, VA 23511-5355.
- C. HHS logistics components, or any other HHS component, needing information on items not listed or adequately described in the HMIS or on a MSDS, shall contact the manufacturer, or the safety/environmental technical staff for information as to the potential hazards of the item.
- D. Some hazardous items were acquired by HHS components prior to implementation of the standards requiring identification of potential hazards. Identification and documentation of the hazardous nature of such items is the responsibility of the owning or holding component. Hazardous materials are found in most Federal supply classification (FSC) classes. FPMR Section 101-42.1103 contains a table of FSC classes composed predominantly of hazardous items and a table of FSC groups and classes which contain a significant number of hazardous items. These tables are designed to assist HHS components in reviewing personal property inventories to identify hazardous materials.
- E. When an item has been determined hazardous, the owning HHS component shall document the accountable inventory record accordingly. If the item has not been appropriately labeled by the manufacturer or distributor, the owning component shall appropriately label, mark, or tag the item following OSHA requirements (29 CFR 1910.1200) regarding the actual or potential hazard associated with the handling, storage, or use of the item to include hazardous chemical(s) contained and the name of the chemical manufacturer, importer, or responsible party as defined at (29 CFR 1910.1200(c)). Such

information shall be maintained in the item record for use in preparation of reports of excess property, reassignment or transfer documentation, and other documentation requirements that may arise.

**103-42.202-1 UTILIZATION OF RADIOACTIVE MATERIALS.**

Refer to LMM 103-42.005-50B1 and FPMR 101-42.202-1.

**103-42.203 REASSIGNMENT OF HAZARDOUS MATERIALS.**

When hazardous materials are reassigned within HHS, information on the actual or potential hazard shall be included in the documentation effecting the reassignment, and the recipient organization shall include in the inventory or control records visibility of the nature of the actual or potential hazard.

**103-42.204 REPORTING REQUIREMENTS.**

- A. Except as set forth in this LMM subpart 103-42.204, excess new/unused personal property which has been identified as hazardous shall be reported promptly by the holding component (logistics or safety/environmental) to the GSA office in the components area following this part and FPMR 101-43.4801, with a complete description of the actual or potential hazard associated with the handling, storage, or use of the item.
- B. If the hazardous characteristics of the item are adequately described on a MSDS or HMIS record (or equivalent), the reporting document should so indicate, and a copy of the MSDS or HMIS record shall be included. If no MSDS or HMIS is available, information must be obtained by the reporting component and furnished with the reporting document. A certification by a duly authorized component official that the item has been clearly labeled as prescribed in LMM 103-42.202E should be included in the description of the hazard. The component official must also certify that the containers and/or packaging meet or exceed Department of Transportation specifications for a hazardous material container (49 CFR Parts 178-180).
- C. Hazardous wastes shall not be reported to GSA for disposal, and shall be disposed of by the HHS holding component or the reporting component only under the Environmental Protection Agency (EPA) and State and local regulations. HHS holding agencies shall contact the component's safety/environmental technical staff, or the local State EPA office for assistance in this matter.

**103-42.205      EXCEPTIONS TO REPORTING.**

- A. When the actual or potential hazard is such that an item is determined by the holding component to be extremely hazardous property, the item shall not be reported on Standard Form (SF) 120, Report of Excess Personal Property, unless so directed by a GSA regional property management office or GSA Central Office. Other items identified as hazardous shall be reported to GSA on SF 120 unless otherwise excepted by LMM 103-43.304 and 103-43.305.
- B. When an item determined to be extremely hazardous property becomes excess, the holding component shall notify the appropriate GSA regional property management office, identify the item, and describe the actual or potential hazard associated with the handling, storage, or use of the item. On a case-by-case basis, the GSA regional office will determine the utilization, donation, sales, or other disposal requirements, and provide appropriate guidance to the holding component.

**103-42.206      SPECIAL REQUIREMENTS FOR UTILIZATION OF HAZARDOUS MATERIALS AND CERTAIN CATEGORIES OF PROPERTY.**

Special utilization requirements for certain categories of property are provided in FPMR 101-42.1102. Many hazardous materials require special storage and handling. It is the responsibility of the holding component to properly store hazardous materials and ensure the use of appropriate safeguards such as warning signs, labels, and use of protective clothing and equipment by utilization screeners who are inspecting excess hazardous materials.

**103-42.207      TRANSFER OF HAZARDOUS MATERIALS AND CERTAIN CATEGORIES OF PROPERTY.**

HHS components transferring hazardous materials and certain categories of property shall use the procedures in the FPMR at 101-42.207.

**103-42.208      CUSTODY OF HAZARDOUS MATERIALS.**

Custody of extremely hazardous materials shall be the responsibility of the owning or holding HHS component. Custody of other hazardous materials may be transferred in whole or in part to another Federal agency, following the procedures found in the FPMR at 101-42.207, with the other agency's consent.

**103-42.209      COST OF CARE AND HANDLING OF HAZARDOUS MATERIALS  
AND CERTAIN CATEGORIES OF PROPERTY.**

The special handling requirements associated with many hazardous materials often increase the cost of care and handling of hazardous materials well above the usual costs incurred while holding excess personal property pending disposition. As provided in LMM 103-43.310, each holding component shall be responsible for, and bear the cost of, care and handling of excess property pending disposition, including those special costs associated with hazardous materials. Only the cost of transportation and handling incurred incident to the transfer of hazardous materials are borne by the transferee agency if billed by the holding agency following LMM 103-43.309-3.



**Subpart 103-42.3      DONATION OF HAZARDOUS MATERIALS AND  
CERTAIN CATEGORIES OF PROPERTY.**

**103-42.300      SCOPE.**

This subpart prescribes the special policies and methods governing the donation of hazardous materials and certain categories of property in addition to the requirements of LMM Part 103-44.

**103-42.301      GENERAL.**

Surplus personal property identified as hazardous material not required for transfer as excess personal property to Federal agencies shall normally be made available for donation. GSA has the responsibility to ensure the donee's SF-123 is properly prepared. Holding components shall not release hazardous materials to donees without a properly documented Standard Form (SF) 123, Transfer Order Surplus Personal Property, that has included in the documentation the signed statement of certification found in the FPMR at 101-42.301.

**103-42.302      RESPONSIBILITIES FOR DONATION OF HAZARDOUS  
MATERIALS.**

Holding components shall be responsible for the identification and reporting of hazardous materials following LMM 103-42.202 and 103-42.203. Pending transfer for donation, each holding component shall be responsible for performing, and shall bear the cost of, care and handling of its hazardous materials. Holding components shall not release hazardous materials to donees without a properly documented Standard Form (SF) 123, Transfer Order Surplus Personal Property.

**103-42.303      HAZARDOUS MATERIALS DISTRIBUTED TO DONEES BY STATE  
AGENCIES.**

This is a State Agency function monitored by GSA.

**103-42.304      SPECIAL REQUIREMENTS FOR DONATION OF CERTAIN  
HAZARDOUS MATERIALS.**

Special donation requirements for specific hazardous materials are provided in the FPMR at 101-42.1102. Many hazardous materials require special storage and handling. It is the responsibility of the HHS holding component to properly store hazardous materials, ensure the use of appropriate safeguards, and provide instructions for personal protection to donation screeners who are inspecting surplus hazardous materials.

**103-42.305      DONATION OF RADIOACTIVE MATERIALS.**

Radioactive materials shall not be donated and shall not be reported to GSA as excess or surplus material. Components shall contact radiation safety for additional assistance. See LMM 103-42.005-50B and FPMR 101-42.305.

**103-42.306      SPECIAL REQUIREMENTS FOR SCREENING.**

Refer to LMM 103-42.304.

**Subpart 103-42.4 SALE, ABANDONMENT, OR DESTRUCTION OF  
SURPLUS HAZARDOUS MATERIALS AND CERTAIN  
CATEGORIES OF PROPERTY**

**103-42.400 SCOPE.**

This subpart prescribes the special policies and procedures governing the sale, abandonment, or destruction of hazardous materials and certain categories of property in addition to the requirements of LMM Part 103-45 and FPMR 101-45.

**103-42.401 SALES RESPONSIBILITIES FOR HAZARDOUS MATERIALS.**

- A. The GSA, through its regional offices, is responsible for the sale of hazardous materials for HHS holding components.
- B. HHS holding components shall be responsible for preparation of hazardous materials for sale as provided for in LMM 103-45.103-2. Pending disposal, the holding component shall be responsible for performing and bearing the cost of care and handling of its hazardous materials, including posting appropriate warning signs and rendering extremely hazardous property innocuous, or providing adequate safeguards. HHS components shall avoid holding small lot sales for hazardous materials except as provided in LMM 103-42.403.

**103-42.402 REPORTING HAZARDOUS MATERIALS FOR SALE.**

HHS holding components shall report hazardous materials to be sold by GSA to the appropriate GSA regional office for the region in which the property is physically located following the instructions in the FPMR at 101-42.402.

**103-42.403 SALES METHODS AND PROCEDURES.**

The GSA determines the methods and procedures for sale of HHS holding components hazardous materials. HHS holding components that must, in the best interest of the government, hold a small lot sale of hazardous materials shall refer and comply with FPMR 101-42.403. In addition, help shall be requested from other HHS component safety/environmental offices, the regional GSA office. Federal EPA or State and local environmental agencies may, also, be a source of assistance.

**103-42.404 SPECIAL REQUIREMENTS FOR THE SALE OF HAZARDOUS MATERIALS.**

Special requirements for sale of hazardous materials are the responsibility of the GSA Sales office that sell the hazardous

property for the HHS component. HHS components may find these special requirements in the FPMR at 101-42.1102.

**103-42.405      TRANSPORTATION OF HAZARDOUS MATERIALS.**

The transportation of hazardous materials is governed by the hazardous materials regulations (49 CFR Parts 170-180) issued by the Department of Transportation. Except as otherwise provided below, a component official, prior to the transportation of hazardous materials, shall certify on the shipping document, based on his/her own examination, that the materials are properly classified, described, packaged, marked, and labeled and are in proper condition for transportation in accordance with the hazardous materials regulations. The shipper shall provide such certification in duplicate and give one copy to the originating carrier and retain the other for no less than 1 year.

**103-42.406      ABANDONMENT OR DESTRUCTION OF SURPLUS HAZARDOUS MATERIALS AND CERTAIN CATEGORIES OF PROPERTY.**

- A. In addition to the requirements for the abandonment or destruction of surplus property prescribed in LMM 103-45.9, hazardous materials, including empty hazardous material containers, shall be abandoned or destroyed under Federal, State, and local waste disposal and air and water pollution control standards. Additional requirements for the abandonment and destruction of certain specific hazardous materials are contained at 101-42.1102 in the FPMR.
- B. Hazardous materials that survive utilization, donation, and sales shall be declared waste and disposed of through a contract with a certified Hazardous Waste Disposal Contractor for final disposition. Logistics components shall cooperate and coordinate this disposition with the safety/environmental component or seek assistance from the EPA office in the geographical area where the hazardous materials are located.

**103-42.11 SPECIAL TYPES OF HAZARDOUS MATERIALS**

**103-42.1100 SCOPE.**

FPMR Subpart 101-42.1100 prescribes disposal procedures for certain hazardous items and lists specific Federal Supply Classes (FSCs) may contain hazardous items.

**103-42.1101 FEDERAL SUPPLY CLASSIFICATION (FSC) GROUPS AND CLASSES WHICH CONTAIN HAZARDOUS MATERIALS.**

- A. Hazardous material identification is required for all material which, by virtue of its potentially dangerous nature, requires controls to assure adequate safety to life, property, and the environment. Even with the specific FSCs listed in the FPMR at 101-42.1100, hazardous materials may be found in most FSC classes.
- B. The tables at FPMR 101-42.1101(c) are the tables listed in the Federal Standard 313 of FSC classes composed predominantly of hazardous items and those FSC classes which contain a significant number of hazardous items. Those classes that contain munitions list items (MLI) which require demilitarization are not identified in the tables because the items in those classes must be identified by the appropriate demilitarization code and processed under the procedures set forth in FPMR 101-42.1102-8.

**103-42.1102 SPECIAL REQUIREMENTS FOR UTILIZATION, DONATION, SALE, AND ABANDONMENT, OR DESTRUCTION OF SPECIFIC HAZARDOUS MATERIALS.**

**103-42.1102-1 ASBESTOS.**

**A. General.**

- 1. Asbestos is the common name for a group of natural minerals that occur as masses of compact or relatively long silky fibers. The Environment Protection Agency classified asbestos as a hazardous air pollutant in 1972.
- 2. Friable asbestos materials contain more than one percent asbestos by weight and can, by hand pressure, be crumbled, pulverized, or reduced to powder, thus allowing for potential release of asbestos fibers into the air.

3. Nonfriable asbestos materials contain asbestos which is bonded or otherwise rendered unavailable for release into the atmosphere through normal usage. Nonfriable asbestos can become friable and hazardous by cutting, sanding, crushing, or performing some other disruptive action on the items containing the asbestos.

B. Utilization/Donation/Sales/Abandonment and destruction requirements.

HHS components shall follow the utilization/donation/sales/abandonment and destruction requirements at 101-42.1102-1 Asbestos, in the FPMR.

103-42.1102-2 POLYCHLORINATED BIPHENYLS (PCB).

A. General.

1. Polychlorinated biphenyls (PCBs) are one member of a class of chlorinated aromatic compounds which have been determined to be hazardous to health and the environment. They are used as insulators and coolants for electric cables and components such as transformers and capacitors, as additives for extreme pressure lubricants, and as coatings in foundry use. Refer to LMM 103-42.004-50.2 for more information on PCBs and property containing PCBs
2. Substances containing PCBs are divided into three classes according to the concentration of PCBs present, as measured by parts per million (ppm).
  - a. 0-49 ppm is classified as "non-PCB" or "excluded PCB product".
  - b. 50-499 ppm PCB is classified as "PCB-contaminated".
  - c. 500 or greater ppm PCB is classified as PCB.
3. Non-PCB materials (0-49 ppm PCB) are not subject to special restrictions or processing and may be transferred, donated, sold, or otherwise processed following LMM 103-43 through 103-46.
4. All PCB and PCB-contaminated items to be transferred, donated, or sold shall be labeled or marked conspicuously with a warning substantially as follows:

"Caution" - This item contains PCBs (Polychlorinated biphenyls), a toxic environmental contaminant requiring special handling and disposal in accordance with the U.S. Environmental Protection Agency Regulation 40 CFR 761 and applicable State laws. For proper disposal information, contact the nearest EPA office."

5. Unmarked or unlabeled items containing PCBs or items with an unknown level of concentration of PCBs shall not be transferred, donated, or sold.
- B. Utilization/Donation/Sales/Abandonment and Destruction requirements.

HHS components shall follow the utilization/donation/sales/abandonment and destruction requirements at "101-42.1102-2 Polychlorinated biphenyls" in the FPMR. Additional information for PCBs is at 103-42.004-50.2 in the LMM.

**103-42.1102-3 CONTROLLED SUBSTANCES.**

HHS components shall follow utilization, donation, sales, abandonment, and destruction of controlled substances set forth in the FPMR at 101-42.1102-3.

**103-42.1102-4 NUCLEAR REGULATORY COMMISSION (NRC) - CONTROLLED MATERIALS.**

A. General.

The NRC has exclusive control over licensing, use, transfer and disposition of NRC controlled materials, also refer to LMM 103-42.005-50B.

B. Information and inquiries.

All inquiries for further information or specific instructions regarding the licensing, use, transfer or disposition of NRC-controlled materials shall be directed to the U.S. Nuclear Regulatory Commission, Washington, D.C. 20555.

**103-42.1102-5 DRUGS, BIOLOGICALS, AND REAGENTS OTHER THAN CONTROLLED SUBSTANCES.**

- A. Drugs, biologicals and reagents which are fit for human use shall be reported by HHS components as provided in FPMR at 101-42.1102-5. Drugs, biologicals and reagents that are

controlled substances are subject to the provisions of the FPMR at 101-42.1102-3.

**B. Utilization/Donation/Sales/Abandonment and Destruction requirements.**

HHS components shall follow the utilization/donation/sales/abandonment and destruction requirements at "101-42.1102-5 Drugs, biologicals and reagents other than controlled substances" in the FPMR.

**103-42.1102-6 NONCERTIFIED AND CERTIFIED ELECTRONIC PRODUCTS.**

**Utilization/Donation/Sales/Abandonment and Destruction requirements.**

HHS components shall follow the utilization/donation/sales/abandonment and destruction requirements at "101-42.1102-6 Noncertified and certified electronic products" in the FPMR.

**103-42.1102-7 LEAD-CONTAINING PAINT AND ITEMS BEARING LEAD-CONTAINING PAINT.**

**A. General.**

**HEALTH HAZARD.** Lead is a cumulative toxic heavy metal which, in humans, exerts its effects on the renal, hematopoietic, and nervous systems. Lead poisoning occurs most commonly when lead-containing paint chips in the environment are chewed or ingested by children or when lead-containing paint is burned off. Additional information will be found at 103-42.004-50.3 in the LMM.

**B. Utilization/Donation/Sales/Abandonment and destruction requirements.**

HHS components shall follow the utilization/donation/sales/abandonment and destruction requirements at "101-42.1102-7 Lead-containing paint and items bearing lead-containing paint" in the FPMR.

**103-42.1102-8 UNITED STATES MUNITIONS LIST ITEMS (MLI) WHICH REQUIRE DEMILITARIZATION.**

**General.**

The United States Munitions List is located in 22 CFR Part 121. A system of demilitarization codes has been developed and an appropriate code assigned to each Munitions List Item (MLI) to describe what, if any, restrictions or actual demilitarization requirements apply to each item. These codes are contained in the Defense Demilitarization Manual (DOD 4160.21-M-1). Demilitarization and Munitions List items are functions of the Department of Defense (DoD). HHS components that have any questions concerning MLI property shall contact the GSA region office.

**103-42.1102-9 ACID CONTAMINATED AND EXPLOSIVE CONTAMINATED PROPERTY.**

HHS property management components shall not handle, store, or dispose of acid contaminated and explosive contaminated property.

All questions concerning this type of property shall be directed to HHS, OGAM/ASMB.

**103-42.1102-10 Firearms.**

Utilization/Donation/Sales/Abandonment and destruction requirements.

HHS components shall follow the utilization/donation/sales/abandonment and destruction requirements at "101-42.1102-10 Firearms" in the FPMR.



Part 103-43 UTILIZATION OF PERSONAL PROPERTY

103-43.000 Scope  
103-43.001 Definitions

Subpart 103-43.1 GENERAL PROVISIONS

(ADDED) 103-43.100-50 Receipt and handling of excess  
personal property at HHS Personal  
Property Management Components

103-43.100-50.000 Scope  
103-43.100-50.001 Policy  
103-43.100-50.002 Facilities and equipment requirements  
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103-43.100-50.1 Tracking unrequired/excess Personal Property

103-43.100-50.100 General  
103-43.100-50.102 Discrepancies and adjustments  
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Subpart 103-43.3 UTILIZATION OF EXCESS

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property  
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103-43.308	Withdrawals and corrections
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103-43.309	Transfer of excess personal property
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103-43.312	Use of excess property on cost-reimbursement type contracts
103-43.313	Use of excess personal property on cooperative agreements
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Subpart 103-43.4      RESERVED

Subpart 103-43.5      UTILIZATION OF FOREIGN EXCESS PERSONAL PROPERTY

103-43.501	HHS policy
103-43.502	Foreign HHS holding component responsibilities
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Subpart 103-43.6 through 103-43.46 -- RESERVED

103-43.4700	Scope
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Subpart 101-43.48 - EXHIBITS

103-43.4800	Scope
103-43.4801	Excess personal property reporting requirements
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Subpart 103-43.49 ILLUSTRATION OF FORMS

103-43.4900	Scope
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**Part 103-43 UTILIZATION OF UNREQUIRED PERSONAL PROPERTY**

**103-43.000 SCOPE.**

This part prescribes policies and methods governing the economic and efficient receiving, accounting, and utilization of unrequired personal property assigned to HHS. It does not include the reutilization of excess Federal Information Processing Equipment (FIP) and supplies that have an original acquisition cost of more than \$1,500. Reutilization instructions for those items are contained in the HHS IRM Manual and the FIRM 41 CFR Part 201-33. Following FIRM at 201-33, utilization of auxiliary and accessorial FIP equipment and supplies that have an acquisition cost of \$1,500 or less will be accomplished following this part. Additional guidelines regarding reutilization of hazardous materials are provided in Part 103.42 of the LMM.

**103-43.001 DEFINITIONS.**

Definitions of terms for this Subpart are found in the FPMR at 101-43.001.



**Subpart 103-43.1 GENERAL PROVISIONS**

**(ADDED) 103-43.100-50 RECEIPT AND HANDLING OF UNREQUIRED  
PERSONAL PROPERTY AT HHS PERSONAL  
PROPERTY MANAGEMENT OFFICES.**

**103-43.100-50.000 SCOPE.**

This part prescribes the policies and methods governing the economic and efficient handling of unrequired personal property turned into Personal Property Management Offices within HHS.

**103-43.100-50.001 POLICY.**

**A. LOCATOR SYSTEM.**

HHS component's Personal Property Management Offices (PPMOs) with personal property warehouses shall establish, in coordination with facilities and space management, a **LOCATOR SYSTEM** and mark the locations on the storage aids used. Open areas used for oversized equipment shall be laid out and marked on the warehouse floor. A **PLANOGRAPH** (floor plan) of the locator system shall be placed in the receiving area and at the entrance of the warehouse. Open storage (outside areas) shall be laid out and marked with the established locator system. A Planograph of the outside also shall be posted as above.

**B. LOCATION.**

1. A suitable location, separate and apart from installation active stocks, shall be established at each Personal Property Management Office (PPMO) for the receipt and storage of excess, surplus, or foreign excess personal property. This area shall be of sufficient size to permit proper segregation of material and should be convenient to a transportation network. The PPMO shall be responsible for warehousing or otherwise storing all property physically received and shall be responsible for:
  - a. Administering the established locator system for all property under the control of the PPMO.
  - b. Property segregation bins or areas prominently marked, labeled, or tagged to be readily identifiable with the proper locator record. Property should, to the extent practicable, be baled, boxed, bundled, bagged, binned, or

otherwise stored to prevent mixing and to facilitate handling and accessibility.

- c. Separate storage locations when sufficient space, covered and open, is available for property that must undergo centralized and local area screening. Sale of property should be conducted from these locations to avoid double handling of property unless the regional GSA Sales office requests the property be moved to a central sale site of their choosing.
  - d. Adequate covered storage space for the protection from exposure to the elements of such items as papers, textiles, and sensitive items of property subject to damage or deterioration. Materials shall be stored to prevent contamination or mixing and to be readily accessible for inspection.
2. The organizational elements of a PPMO shall be positioned so that the flow of materials and paperwork is orderly from the time of receipt to ultimate disposal.
- a. The receiving section should be located near the entrance to the PPMO warehouse or yard for convenience in property verification so that the property may be directed to a prearranged storage location. Generating activities shall furnish advance copies of the Turn-In document (TID), HHS-22, or other authorized documentation to permit preplanning for storage purposes.
  - b. The storage location for scrap property shall be separate from that of usable property.
  - c. Property appearing on a sale solicitation (catalog) and property awaiting sale shall be separated by signs from property being screened for reutilization, transfer, or donation to eliminate confusion for inspecting bidders and screeners.

**103-43.100-50.002      FACILITIES, EQUIPMENT, AND VEHICLE  
REQUIREMENTS.**

**A.    Equipment.**

Normally the Transportation component shall furnish the PPMO use and maintenance support for operating equipment and vehicles to support both normal and temporary needs for the mission.

**B. Facilities.**

The PPMO component shall obtain such facilities as are necessary to do the assigned property management, utilization, and disposal mission.

**103-43.100-50.003 SAFEGUARDING MATERIAL.**

The PPMO facilities and yard shall be fenced or otherwise protected to ensure that materials are safeguarded against theft, pilferage, or unauthorized withdrawals. Security and investigative support shall be provided by the in-house Security component or Federal Law-enforcement Service.

**103-43.100-50.004 DISPOSAL PROCESSING.**

A. The PPMO is responsible for utilization and disposal of all HHS generated excess, surplus, and foreign excess, and other personal property authorized for turn in (excluding nonsalable property) except those specific categories identified in subparagraph 2 below.

1. The PPMO shall physically accept and process property for which it has utilization and disposal responsibility. There are, however, certain categories of property, which the PPMO may not accept physically based upon special storage or special handling needs. When this occurs accountability shall be accepted by the PPMO and the property processed for utilization and disposal actions even though the property physically remains in place. Accountability of property that is not utilized or sold shall not be returned to the generating activity. Hazardous property shall be disposed of following the FPMR at 101-42 , also see LMM 103-42. Other property shall be downgraded to scrap, processed for abandonment or destruction, or disposed of by service contract. Where the PPMO lacks resources or the technical expertise to handle physically property for which it has utilization and disposal responsibility, the PPMO shall arrange for such support with the Regional GSA office.

2. The following types of property may not be physically accepted by any PPMO whatever its resources or technical expertise.
  - a. Live animals.
  - b. Explosives and ammunition.
  - c. Products causing or capable of causing fire.
  - d. Drugs, biologicals, and controlled substances.
  - e. Nitrate base film.
  - f. Psychodiagnostic test sets.

NOTE: This restriction may be waived by higher authority (i.e., HHS Secretary, Heads of OPDIV's, etc.) in the event of emergencies (i.e., hurricane disasters, earthquake disasters) and HHS component facilities in the immediate locale are available.

3. The PPMO shall not accept (either physically or on its property records) the following categories of property and no reutilization or sale service shall be given:
  - a. Radioactive waste, thermal batteries, and unsalable material of a nonhazardous nature; that is, material for which sale or other disposal is prohibited by U.S. law or Federal regulations. This category includes, but is not limited to classified material, inspection stamps and devices, consecrated religious items, and cryptographic equipment.
  - b. Hazardous waste designated for disposal.
  - c. Refuse and trash; that is, consumer waste material such as litter and rubbish collected by the Sanitation/Housekeeping Service Contractor. The collection of refuse and trash is the responsibility of the buildings and facilities functions.
  - d. Medical and infectious wastes. (refer to: LMM 103-42.005-50B2).

C. TURN-IN CRITERIA.

1. Generating components shall comply with turn-in procedures established by the PPMO.
2. Usable property shall be turned in as individual line items.
3. All PC fixed harddrives, ADPE magnetic tapes, PC disks (this is not commercial software programs), and disc storage packs etc. shall be degaussed (erased, demagnetized) and a certification, by the using component ADP officer and supervisor of the program turning the equipment, attached to the tapes and disc packs. A certification shall also be included on the turn-in documentation.

NOTE: Disposition of software (e.g., Wordperfect, Lotus, dBASE, etc.) is covered in the FIRMR at 201-23.001-002. Disposition shall also be consistent with the limitations of any applicable license. Questions on disposition shall be referred to the local IRM component for resolution.

E. DELIVERY TO PPMO.

1. The responsibility for expenses incurred in utilization and disposal of excess surplus personal property is the point at which accountability is transferred from the generating component to the PPMO. All expenses incurred before acceptance of accountability by the PPMO shall be borne by the generating activity. Conversely, all expenses incurred after acceptance of accountability by the PPMO shall be borne by the PPMO.
2. Property capable of spilling or leaking may not be transferred to the PPMO in open, broken, or leaking containers (See LMM 103-42).

F. DOCUMENTATION.

1. Property shall be turned in to the PPMO on a Request For Property Action, HHS-22 form, or other authorized property turn-in documents (TID). The HHS-22 heading shall be filled in by the generating activity. The following is the minimum information that must be on the TID describing the property.
  - a. Barcode decal number/identification decal number.
  - b. Description and stock number (if known).

- c. Quantity.
  - d. Unit of issue.
  - e. Condition.
  - f. Unit cost.
  - g. Category of property (such as exchange/sale, nonappropriated fund, etc.) and if proceeds are to be deposited to other than the General Fund Receipt Account, the reimbursement data to include the account to be credited and the Agency Location Code.
  - h. Weight and cubic size, estimated, if unknown.
  - i. Value and list of component parts that have been removed from vehicles or a copy of a Limited Technical Inspection form showing the nature and extent of repairs required.
2. The component PPMO shall decide a minimum number of legible copies of the TID that must be furnished and accompany the property. The PPMO shall return to the turn in activity within 5 working days from receipt of property one copy of the turn-in as a valid receipt document. This copy may be used to adjust the property custodial accounting records.

**103-43.100-50.005 RECEIPT OF PROPERTY.**

This paragraph gives uniform procedures for the receipt, handling, and storage of property for issue, excess, surplus, and foreign excess property.

- A. The most critical and important stage in the flow of property through the property management program is when the property is initially received at the PPMO warehouse. The PPMOs have the responsibility for the receipt, classification, processing, safeguarding, storing, and shipping of all property received. This includes property to be accounted for as items, and properly segregated scrap and waste having a utilization, donation, or sale value, and material destined for ultimate disposal. The PPMO shall give assistance, as requested, in tracing turn-ins. The PPMO must maintain close liaison with the generating components to ensure that:

1. Scheduling is done taking into consideration the PPMO's receiving capability and the volume of property to be turned in.
2. Inspection of the property is performed in place if it is more advantageous to do so because of the size, weight, or category of the property. Excess property not transferred physically to the PPMO shall be tagged with a status tag indicating the PPMO accountability.
3. Property classified as "SCRAP" by the generating component is processed for disposition according to the circumstances on which the classification is based. Material condition coded "SCRAP" solely due to its degree of unserviceability or age (shelf life) may have some use potential and should be processed accordingly.
4. No salable property with utilization, donation, or sale potential is being disposed of by dumping in refuse containers.
5. PPMOs shall apprise generating components of their (the generating components') responsibility to assure that all salable material is turned in to the PPMO.

If the PPMO has knowledge that usable/salable material is being dumped in a refuse container, the PPMO chief shall initiate a letter to notify the component Security office regarding the matter.

6. Property has received proper protection and care in handling before it is transferred to a PPMO, preventing damage from unnecessary exposure to the elements. Property turned in as condemned may still be usable and its preservation may benefit the utilization program. Instances of apparent improper handling of Government property shall be reported to the generating activity or Security Office for remedial action. Recurrent instances of improper care or handling of property shall be documented for referral to the STAFFDIV/OPDIV for resolution.
- B. The receiving and storage segment of the PPMO shall:
1. Assure that all property shipped or turned in to the PPMO is accompanied by the needed number of copies of shipping and/or turn-in document properly prepared and

decide what special handling will be required by the property covered in FPMR 101-43.

2. Inspect property upon receipt. Inspection shall consist of verifying property description and quantity and assuring that a valid Condition Code was assigned by the generating activity for the unrequired property. A Disposal Condition Code shall be assigned by the PPMO that must be perpetuated throughout the screening process (example: a condition code of 2). Inspection checks shall be made to give reasonable assurance that all information relating to the property is factual. If a discrepancy exists, the generating activity shall be contacted and requested to initiate action to resolve the discrepancy. If the discrepancy is not resolved within a reasonable period of time, the item(s) shall be returned.

- a. Unrequired property classified and reported as "SCRAP" by the user to the PCO for disposal must have an explanation for inclusion on the TID explaining the condition coding of the property as scrap. The explanation shall be verified by signatures of the user and the PCO on the TID.

NOTE: THIS PROPERTY SHALL BE DISPOSED OF AS SCRAP AND REMOVED FROM THE ACCOUNTABLE RECORD ON RECEIPT.

- b. Unrequired property classified as "SALVAGE" by the user and reported to the PCO for disposal shall have an explanation included on the TID stating the reason it would exceed 65% of the acquisition cost of the item for repair to make it usable. This documentation shall be verified by signatures of the user and the PCO. THIS PROPERTY MAY BE UTILIZED, DONATED, OR SOLD IN BULK, IF ECONOMICAL TO STORE AND SPACE IS AVAILABLE. IF UNABLE TO HOLD FOR UTILIZATION, DONATION OR SALE DUE TO SPACE CONSTRAINTS, IT SHALL BE DOWNGRADED TO SCRAP AND SOLD ON A GSA SCRAP CONTRACT.

NOTE: PROPERTY CLASSIFIED AS SALVAGE SHALL BE REMOVED FROM THE ACCOUNTABLE RECORD ON RECEIPT.

### 3. DISPOSAL CONDITION CODES.

Disposal condition codes will be found at 101-43.4801(e) in the FPMR.

4. Property received in place by the PPMO is tagged for identification purposes. (Property should be consolidated physically in a designated area, but may be left in place if this action is determined locally to be justified for economic or other valid reasons.) The activity having physical custody shall be responsible for care and protection of this property until it is disposed of or moved to the PPMO warehouse.
5. Property placed on the storage aids (Racks) shall be stored using a date row system, if a **DATE ROW SYSTEM** is not currently in use the PPMO shall establish and implement one when practicable. This system will insure that property that comes in first will be reported first and, with the help of the regional GSA office, removed first.
  - a. Personal appeal items (e.g., cameras, microscopes, small calculators, laptop computers, etc.) shall be stored away from the normal unrequired property in locked cage, cabinet, or glass viewing case areas where available or away from high traffic areas under surveillance by PPMO staff.
  - b. Property too large to be placed in the storage racks shall be stored in an open space on the warehouse floor. The items located on the floor shall be stored with easy access for screening or movement. These open areas shall be marked following the Planograph (see: LMM 103-43.100-50.001) for the warehouse.

C. **GENERATING ACTIVITIES.**

Generating activities shall reflect on the turn-in document the property that must be identified for special processing, such as shelf life, automation equipment, hazardous material (LMM 103.42, **Utilization and Disposal of Hazardous Materials and Certain Categories of Property**), also property that is authorized for direct reimbursement to a deposit fund account other than the General Fund Receipt Account. Turn-in documents without special processing or direct reimbursement data shall be processed as normal HHS excess property.

**103-43.100-50.006 STATUS OF PROPERTY.**

Property, whether new incoming property ordered by a component, usable unrequired items or scrap, which is transferred to the PPMO, must be identified clearly as to its status from the time

of receipt until final removal. By clearly identifying the status of property, confusion for issue, utilization and donation screeners and inspecting bidders should be minimized, if not eliminated. Storage areas shall be set aside and the status of the property shall be shown.

**103-43.100-50.007      TRAINING.**

A trained staff of personnel in the Receiving Segment of the Personal Property Management Office is necessary to maintain a professional, efficient work force. This trained work force produces a cost-saving, efficient operation of the excess/disposal program.

- A. PPMO's shall establish and maintain a training program for the Receiving Segment of the operation. A training agenda for the receiving segment of the PPMO shall be produced and implemented when practicable, but no later than one year after publication and distribution of this manual. As a minimum the training program shall cover:
  - 1. Receiving procedures.
  - 2. Locator system/warehouse layout.
  - 3. Storage procedures.
  - 4. Open storage operations (scrap).
  - 5. Safety regulations and procedures.
- B. Other Federal agency training programs or commercial training may be used by PPMOs to fulfill the above training requirements.
- C. Documentation of the training shall be maintained for each employee in the Receiving Segment of the PPMO.

**(ADDED) 103-43.100-50.1 DISPOSITION TRACKING FOR  
UNREQUIRED/EXCESS PERSONAL PROPERTY.**

**103-43.100-50.100 GENERAL.**

**A. The PPMO should maintain an UNREQUIRED/EXCESS PROPERTY TRACKING PROGRAM, as an element of their active property accounting system. This element will provide an excellent audit trail from receipt to final disposition of the unrequired property through the excess/surplus program. The system should include the following: the ability to identify unrequired, excess, and surplus property; track each through the disposal cycle (see Utilization and Disposal Chart at 103-43.4900 in this manual), provide required disposition information to permit the close out of official accountability records, and provide the required information to reconcile fiscal records for capitalized property.**

**B. Property turned in by generating activities, as unrequired to their needs, shall have the accountability for that property removed from their custodial code in the active property accounting system and transferred to the PPMO's EXCESS PROPERTY TRACKING PROGRAM.**

**C. DOCUMENTATION.**

Unrequired domestic/foreign property turned in or reported to the PPMO shall be accompanied by the specified number of copies of the authorized turn-in document. Before accepting the material, the receiving segment of the PPMO shall ensure that the document is prepared properly and that the descriptions and quantities listed are accurate. In all cases, records shall be maintained so that an item of property can be traced from receipt to disposal and make available the necessary data for required reports.

**D. SEGREGATION AND CLASSIFICATION**

Property utilization and disposal records must be maintained in sufficient detail to support the reimbursement accounting procedures set forth in LMM 103-45 Sales.

- 1. When end items are turned in to the PPMO as scrap and parts are reclaimed for further utilization, the records of the PPMO shall reflect the acquisition cost (estimated, if not known) of the reclaimed components.**
- 2. Personal property found to be in Disposal Condition Code X (salvage), by the receiving segment of the PPMO**

to have scrap value only, shall be classified and processed as scrap upon receipt.

3. When obsolete printed materials are turned in to the PPMO as usable items with acquisition value, and it is determined that they have no utilization, or donation potential and only scrap market value, these items shall be expended to scrap (classified as scrap) upon receipt.

**103-43.100-50.102 DISCREPANCIES AND ADJUSTMENTS.**

**A. GENERAL.**

Discrepancies in item identification, quantity, condition, or price data that are revealed before acceptance of accountability shall be resolved and corrected during the receipt process. Any discrepancies that are discovered after acceptance of accountability; that is, differences between recorded balances and quantities on hand, shall be processed as inventory adjustment actions.

- B. **Property not in PPMO Custody.** When property for which the PPMO has accountability, but has not assumed custodial responsibility, becomes lost, damaged, or destroyed, the custodial activity having responsibility for the physical custody of the property shall investigate the circumstances surrounding the discrepancy. The PPMO shall provide the investigating custodial activity with requested item identification number such as NSN and TID number or copies of documentation pertinent to the item lost, damaged, or destroyed. If the custodial activity's investigation finds the discrepancy is due to a record keeping error, it shall inform the PPMO which shall prepare an inventory adjustment document. If the discrepancy is not due to a record keeping error, the custodial activity having responsibility for the property that was lost, damaged, or destroyed must prepare a Report of Survey, HHS 342. The responsible custodial activity must provide the PPMO supportive documentation for the PPMO. The PPMO will convene a Board of Survey to determine liability and authority to adjust the discrepancy on the accountable record.

**103-43.100-50.103 PHYSICAL INVENTORY AND LOCATION SURVEY OF UNREQUIRED PROPERTY IN THE PPMO.**

- A. Unrequired property that remains on the PPMO unrequired/excess tracking program in excess of 12 months

shall be inventoried not later than the 13th month of tracking and reviewed monthly thereafter until resolved.

- B. To facilitate a constant check on the property in the excess system, the separate tracking/accounting program for the PPMO excess property is most advantageous.

**103-43.101 AGENCY UTILIZATION REVIEWS.**

HHS components shall continuously survey personal property under their control. The purpose is to assure maximum use of all property or promptly identify unrequired property.

**103-43.102 REASSIGNMENT OF UNREQUIRED PERSONAL PROPERTY WITHIN HHS.**

- A. Personal property that is identified as unrequired by the assigned user (Custodial Area), shall be reassigned to the maximum extent feasible, to other activities within the Department that have a requirement for the property. Such reassignments must be made through the Property Management Officer and Property Accountable Officer, documented with an HHS Form 22 or local form used in lieu thereof, and contain the same "Use or Replacement Standards" justification as requisitions for new items.
1. The priority for reassignment is to other Custodial Areas within the Accountable Area in which the unrequired property is assigned.
  2. The second priority is to cost reimbursement type contractors who are provided Government property whose contracts are administered by the procurement activity that supports the Accountable Area.
  3. The third priority is to transfer the property to another Accountable Area within the Department. When deciding between priority two and three, consideration should be given to transportation cost.
  4. If the property cannot be reassigned within the Department it will be reported to GSA as excess unless:  
  
It can be clearly established that the unrequired items will be necessary to meet the needs of an approved future program or program expansion. Circumstances justifying retention of items shall be noted in the property file (accountability record). All such items shall be reexamined

semi-annually. Re-justification for retention will be accomplished during this examination or the items will be reported to GSA as excess.

- B. Procurement shall be immediately ended for items for which unrequired property can be substituted or adapted. (See FPMR 101-43.102(a)).
- C. Personal property, identified and turned in to the PPMO as unrequired to the needs of the user, in Disposal Condition Codes 1 through 5 (see, LMM 103-43.100-50.005-3) shall be retained in the PPMO inventory for 21 working days for internal screening by HHS components. Property in condition codes 6 through 9 shall be reported to GSA for disposition as soon as possible.
- D. OS, OPDIVS, and ROs shall submit a report of property assigned within the Department during each fiscal year. Data will be incorporated on Standard Form 121, Annual Report of Utilization and Disposal of Excess and Surplus Personal Property. Reports shall be submitted to OGAM/ASMB. The responsible individual should be the designated Property Management Officer.

**103-43.103      AGENCY UTILIZATION OFFICIALS (AUO).**

Utilization Specialists or personnel assigned the duty of utilization of unrequired/excess personal property assigned to Property Management Components are the focal point for promoting the acquisition and profitable use of available excess.

Subpart 103-43.3 UTILIZATION OF EXCESS

103-43.301 HHS PROCEDURE.

The priority source of supply for HHS is excess personal property. It shall be used to the fullest extent practicable by all components.

103-43.302 HHS COMPONENTS RESPONSIBILITIES.

- A. Excess personal property shall be made available to authorized agencies and to other activities authorized by special legislation (i.e. McKinney Act, Indian Self-Determination Act) by prompt declaration to GSA of the excess property.
- B. Before procuring new personal property careful consideration shall be given to the use of known usable excess property.
- C. Equipment will not be acquired from excess for anticipated future requirements. Equipment acquired from excess shall be for approved authorized programs and shall comply with prescribed "Use and Replacement Standards."
- D. Requirements for non-reportable personal property will be coordinated with the appropriate GSA regional area utilization officer before initiation of new procurement.
- E. Excess personal property planned for issue by GSA to fill requisitions for new property will be accepted unless such substitutions would result in serious hardship or impairment to operating programs.
- F. Acquisitions of items for inventory (supplies and materials, no equipment) from excess shall not allow inventories to exceed two years of supply.
- G. Costs of crating, shipping, repair or rehabilitation if required will be considered in making determinations to get excess property.
- H. All acquisitions from excess shall be processed through the PMO.
- I. CANNIBALIZATION is the removal from a piece of property of parts to be used to repair a like item. Cannibalization is applicable to property which is serving its intended purpose, and is considered economically repairable. The removal of components parts from property which has been

classified as "Salvage" (FPMR 101-43.001-28) is not considered cannibalization. The reuse of component parts from salvage material is authorized without regard to this subpart.

1. Conditions permitting cannibalization.

Cannibalization of HHS owned property may be conducted provided all the following exist:

- a. Repair of the broken or worn parts is not possible.
  - b. Required parts are not available from other units previously cannibalized.
  - c. Required parts are not available from Government excess.
  - d. The parts are not available from commercial or Government supply sources because of obsolescence, excessive price or extraordinary leadtimes.
  - e. The benefit realized from cannibalization exceeds the estimated trade-in or sale value of the unit being considered for cannibalization.
2. Unrequired USABLE property, in the PPMO warehouse, in Condition Codes 1 through 5 [see: FPMR 101-43.4801(e)] should not be cannibalized. This property should be reissued to components for use in lieu of new procurement.
3. Unrequired REPARABLE property in Condition Codes 6 through 9 may be cannibalized when such action is found to be justified in filling equipment requirements. Written justification must be submitted to the Chief, PPMO, or the designated representative, for an approval before any cannibalization may take place. Forms and format to be used for documentation shall be produced by the components.

103-43.303      RETENTION OF CUSTODY.

- A. The component PPMO will retain custody of property declared excess until receipt of dispositions instructions from GSA.
- B. At the end of 180 days after the property is made available to GSA, the holding component may, upon notification to the

appropriate regional GSA Federal Supply Service Bureau, elect to assume the responsibility to complete the disposal, i.e., utilization, sale, scrap, abandonment, and/or destruction, of the property complying with all the processing requirements of FPMR Subchapter H.

**103-43.304      REPORTING REQUIREMENTS.**

**103-43.304-1      REPORTING.**

- A. Personal property that becomes excess will be promptly reported, following the Federal Supply Classification (FSC) groups and classes listed in the FPMR at 101-43.4801, to the appropriate GSA Regional Federal Supply Service Bureau as appropriate, with descriptions, in enough detail, to allow transfer or sale without further reference to the holding activity. National Stock Numbers and descriptions shall be used when available. All operating manuals, if available, shall be made available for transfer with the property.
- B. If the property reported is a prefabricated structure that has been installed in a permanent manner and the site must be restored at the expense of the transferee, donee, or purchaser, the nature and estimated cost of restoration shall be included in the report.

**103-43.304-2      FORM AND DISTRIBUTION OF REPORTS.**

Excess personal property will be reported as it is generated on Standard Form 120, Report of Excess Personal Property and continuation sheets if necessary. The SF-120 shall be submitted in an original and three copies.

**103-43.304-3      EXCESS PERSONAL PROPERTY ON OR WITHIN EXCESS REAL PROPERTY.**

HHS components shall follow the procedures at 101-43.304-3 in the FPMR.

**103-43.304-4      PROPERTY AT INSTALLATIONS DUE TO BE DISCONTINUED.**

HHS components shall follow the procedures at 101-43.304-4 in the FPMR.

**103-43.305      PROPERTY NOT REQUIRED TO BE FORMALLY REPORTED.**

Excess property which is not required to be formally reported, following LMM 103-43.304, to GSA is a valuable source of supply for Federal agencies. HHS holding components shall cooperate with

GSA representatives in making information available and in providing access to the nonreportable excess personal property. Federal agency employees shall be permitted access to holding components for screening purposes upon presentation of a valid Federal agency employee's identification card. HHS holding components shall make reasonable efforts to obtain utilization among Federal agencies of property not covered by GSA utilization screening processes. In the case of controlled substances, the solicitation shall be limited to those authorized for transfer under LMM 103-42.1102-3 and FPMR 101-42.1102-3 provisions. The following excess property shall not be reported to GSA:

- A. Perishables, defined for purposes of this section as any foodstuffs which are subject to spoilage or decay.
- B. Property dangerous to public health and safety.
- C. Scrap or salvage: Provided, the property strictly conforms to the definitions for scrap or salvage.
- D. Property decided by competent authority to be classified for reasons of national security.
- E. Trading stamps and bonus goods. (Refer to LMM 103-25.103).
- F. Nonappropriated fund property. (See FPMR 101-43.307-7).
- G. Nuclear Regulatory Commission (NRC) controlled materials. Transfers of this material shall be made following applicable NRC regulations (See 10 CFR Parts 30, 40, and 70.)
- H. In the case of hazardous materials, all restrictions, limitations, and guidelines prescribed in Part 103-42 shall apply.

**103-43.306      ASSISTANCE IN EMERGENCY AND MAJOR DISASTER RELIEF.**

Following instructions from the Administrator, Federal Disaster Assistance Administration, Department of Housing and Urban Development, or his/her designee, excess personal property shall be used in behalf of or loaned to State and local governments, with or without compensation, to provide assistance in alleviating suffering and damage resulting from any emergency or major disaster. Excess medicines, foods, and other consumable supplies may be distributed to State and local governments for these purposes. In the event such property has been reported to GSA, it shall be withdrawn by the holding activity. GSA shall be

informed of the withdrawal by letter or annotated copy of the original SF-120 report.

**103-43.307 ITEMS REQUIRING SPECIAL HANDLING.**

**103-43.307-1 CONTRACTOR INVENTORY.**

HHS components may authorize any of their contractors or their subcontractors to retain or dispose of any contractor inventory pursuant to Federal Acquisition Regulation (48 CFR Subpart 45.6). In contractor-owned contractor inventory, compliance with utilization procedures should occur before HHS components exercise the option to take over such property. When utilization efforts find an activity with a need for the property and will accept transfer within HHS or another federal agency, the HHS component will accept transfer of the property. Appropriate action will be taken by the activities or federal agencies to get title for the Government.

**103-43.307-2 HAZARDOUS MATERIALS.**

Special Handling requirements for excess hazardous materials and certain other categories of property are prescribed in LMM 103-42.

**103-43.307-3 CONDITIONAL GIFTS FOR DEFENSE PURPOSES.**

HHS components should ask assistance of the regional GSA office in this matter when necessary. See FPMR 101-43.307-3.

**103-43.307-4 CONDITIONAL GIFTS TO REDUCE THE PUBLIC DEBT.**

HHS components should ask assistance of the regional GSA office in this matter when necessary. See FPMR 101-43.307-4.

**103-43.307-5 UNCONDITIONAL GIFTS.**

HHS components and employees representing HHS shall contact the regional GSA office and seek assistance in matters of unconditional gifts. See FPMR 101-43.307-5.

**103-43.307-6 INTANGIBLE PERSONAL PROPERTY.**

Bonds, notes, or other securities authorized to be disposed of by the Secretary of the Treasury, are to be reported through agency headquarters to the OGAM/ASMB, for obtaining disposal instructions from the Department of the Treasury. Other excess intangible property will be reported to GSA (F), Washington, D.C.

20406 and shall not be transferred or disposed of without prior approval of GSA.

**103-43.307-7 NONAPPROPRIATED FUND PROPERTY.**

Property acquired with nonappropriated funds may be transferred with reimbursement from the transferee to the owning activity. Agreement between the two activities concerning a fair reimbursement price shall be made before the transfer. The fair price shall not be more than may be expected if the item were sold. See FPMR 101-43.307-7.

**103-43.307-8 (RESERVED).**

**103-43.307-9 PASSENGER MOTOR VEHICLES.**

Excess passenger motor vehicles, in usable condition and not requiring refurbishment, may be acquired to upgrade existing vehicles provided the replaced vehicles are reported within 30 days as excess, and reimbursement is not involved. See FPMR 101-43.307-9.

**103-43.307-10 PRINTING, BINDING, AND BLANKBOOK EQUIPMENT AND SUPPLIES.**

Excess machinery, equipment, material, and supplies for printing, binding, and blankbook work shall be reported to the Public Printer for possible transfer to the Government Printing Office before reporting the equipment to GSA as excess. Address the report to: Government Printing Office (GPO), Customer Service Manager, North Capitol and H Streets, N.W., Washington, D.C. 20401. Property not needed by the GPO shall be reported to GSA. See FPMR 101-43.307-10.

**103-43.307-11 (RESERVED).**

**103-43.307-12 SHELF-LIFE MATERIALS.**

Holding components with quantities of shelf-life items shall contact their regional GSA office for expeditious disposal instructions. See FPMR 101-43.307-12.

**103-43.307-13 MEDICAL SHELF-LIFE ITEMS HELD FOR NATIONAL EMERGENCY PURPOSES.**

These items that become excess will be disposed of following the procedures in FPMR 101-43.307-13.

**103-43.308 WITHDRAWALS AND CORRECTIONS.**

**103-43.308-1 WITHDRAWALS.**

Requests for withdrawal of property already reported to GSA shall be submitted on an SF-120 or other method authorized by GSA. Disposition of the property shall not be made until receipt of withdrawal approval, by the holding activity, from GSA.

**103-43.308-2 CORRECTIONS.**

Corrections to reports shall be submitted on an SF-120 or other method authorized by GSA.

**103-43.309 TRANSFERS OF EXCESS PROPERTY.**

**103-43.309-1 AGENCIES ELIGIBLE.**

Transfers of excess property may be made among Federal agencies (including their cost-reimbursement contractors, cooperative agreement recipients, and project grantees), the Senate, The House of Representatives, The Architect of the Capitol, and the government of the District of Columbia. If any question arises on eligibility of an agency, the component shall contact the regional GSA office for assistance.

**103-43.309-2 INFORMATION ON AVAILABILITY.**

- A. GSA provides information regarding the availability in other Government agencies of excess personal property. Methods and techniques that may be used to obtain this information may be found in FPMR 101-43.309-2.
- B. HHS property management components shall encourage other federal agencies to screen the unrequired property that has survived the 21 day period for internal screening and not reported to GSA. Information on availability of this unrequired property held by HHS property management components shall be given to other federal agencies any time an inquiry is received. This screening may eliminate the need to report the items to GSA.

**103-43.309-3 REIMBURSEMENT.**

Normally excess personal property will be transferred without reimbursement. Fair value reimbursement for the transfer of excess personal property is required only in those circumstances specifically set forth in FPMR 101-43.309-3.

**103-43.309-4 TRANSFER FOR REDISTRIBUTION.**

Property declared excess may be transferred to GSA or retained by the holding activity (for a period not to exceed 180 days) before redistribution to the transferee. Determinations whether to transfer will be made by the appropriate GSA Regional office. HHS holding components shall cooperate with GSA in the redistribution efforts.

**103-43.309-5      PROCEDURE FOR EFFECTING TRANSFER.**

- A. All transfers made by an HHS component to another Federal agency shall be made using the SF-122, Transfer Order Excess Personal Property. The SF-122 shall be approved for transfer by the appropriate GSA office, except in direct transfers. Direct transfer is a cost effective and efficient method of transferring property from one federal agency to another. This method shall be used whenever possible.
1. Direct transfers [see FPMR 101-43.309-5(a)(1), (2), and (3)] to other federal agencies requesting unrequired reportable property, that has survived the 21 day period for internal screening and not reported to the GSA or nonreportable property that is not reserved for special screening, shall be aggressively completed following the procedures listed below.
    - (a) All requests to screen unrequired property (that has survived the 21 day period for internal screening and not reported to the GSA) by other federal agencies shall be honored immediately.
    - (b) Direct transfers to other federal agencies by HHS property management components shall be accomplished using the SF-122 signed by the receiving agencies Property Management Officer or Property Accountable Officer. GSA approval for this type transfer is not required. Direct transfers do not in any way show favoritism to any federal agency with an aggressive screening program. Any federal agency in need of an item is supposed to aggressively try to acquire the property from unrequired property of other federal agencies before spending monies to procure new like items. [Refer to FPMR 101-43.301 and 101-43.302(a)]. Direct transfers aid in moving unrequired property out of the warehouse and helps eliminate lengthy storage and handling costs.
      - (1) Reportable property under LMM 103-43.304-1, not yet reported to GSA, may be directly

transferred to another federal agency by an HHS component. The total acquisition costs of reportable property directly transferred to another federal agency cannot exceed \$5000 per day.

- (2) Nonreportable property, under LMM 103-43.305, may be transferred, as above, except the total acquisition value for the direct transfer cannot exceed \$25,000 per day.
2. HHS components shall furnish the appropriate GSA office a copy of each direct transfer made within 10 work-days after the transfer.

**103-43.310 COSTS AND PROCEEDS.**

Care and handling costs of excess personal property pending disposition will be borne by the HHS holding component. Direct costs incident to transfers will be borne by the transferee. When reimbursement for fair value is made, the transferee shall deposit the proceeds in the Treasury to miscellaneous receipts or the appropriate HHS component account. A copy of the deposit action will be provided to the HHS payment receiving component by the transferee. See FPMR 101-43.310-2.

**103-43.311 DETERMINATION OF EXCESS AS SURPLUS.**

**103-43.311-1 REPORTABLE PROPERTY.**

Reportable excess personal property will be determined to be surplus by GSA. This normally occurs 60 days after receipt by GSA of a report of excess personal property.

**103-43.311-2 NON-REPORTABLE PROPERTY.**

Holding components shall make determinations of surplus of nonreportable excess personal property. Property shall not become surplus until it has been made available for use by other Federal agencies for a minimum of 21 days.

**103-43.311-3 PROPERTY NOT UTILIZED.**

- A. Property determined to be surplus by the GSA or an HHS holding component shall be made available for donation screening following FPMR 101-44 for 21 days after Surplus Release Date. If the property survives the donation screening period, the HHS holding component shall report the

property to GSA for sale following the procedures in FPMR 101-45.

- B. Property that requires reimbursement shall not be made available for donation screening upon declaration of surplus. This property shall be reported for sale following FPMR 101-45.

**103-43.311-4 HAZARDOUS MATERIALS.**

Hazardous materials shall be reported to GSA following LMM 103-42 and FPMR 101-42.

**103-43.312 USE OF EXCESS PROPERTY ON COST REIMBURSEMENT TYPE CONTRACTS.**

Excess personal property shall be considered by HHS components as an acquisition source for cost-reimbursement type contracts according to priorities that are established in LMM 103-60.152. Accounting and control of the property while in the hands of contractors will be accomplished following the provisions of LMM 103-60.54. Disposal will be accomplished following provisions of FPMR 101-43.

**103-43.313 USE OF EXCESS PERSONAL PROPERTY ON COOPERATIVE AGREEMENTS.**

HHS components may obtain excess personal property for the purpose of furnishing the property under cooperative agreements (Refer to FPMR 101-43.313). Accounting and control of the property while in the hands of the recipient shall be accomplished following the provisions of LMM 103-60.

**103-43.314 USE OF EXCESS PROPERTY ON GRANTS.**

HHS Grantees may be furnished excess personal property provided:

NOTE: OPDIVs may implement supplemental policy for the use of excess property on grants.

- A. The grantee is an institution or organization holding a federally sponsored grant and is a public agency or is nonprofit. In certain instances grants may be awarded to for-profit organizations. In those cases the provisions of 45 CFR Part 74, Subpart AA, Sections 74.701 and 74.710 apply for the utilizations of personal property.
- B. Authorization is in the grant document.

- C. Acquisition will result in enhancement of the product or benefit from the grant.
- D. The property will be placed into immediate use.
- E. The transfer is approved by the granting organizations's Property Management Officer and the grantee's property accountable representative.
- F. Excess personal property will be furnished under the provisions of FPMR 101-43.314 and will be accounted for under the terms of LMM 103-60. Disposal will be accomplished under the provisions of FPMR 103-43 unless title is vested in the grantee. Disposal of personal property loaned to for-profit organizations will be disposed of according to 45 CFR Part 74, Subpart AA, Section 74.710(e). Government personal property loaned to not-for-profit grantees, title to which has been retained by the Government, will be disposed of following FPMR 101-43.
- G. HHS components may obtain excess personal property for transfer to a project grantee by depositing an amount equal to 25 percent of the original acquisition cost of the property to the U. S. Treasury as miscellaneous receipts. (See FPMR 101-43.314(b)(1).

**103-43.315 CERTIFICATION OF NON-FEDERAL AGENCY SCREENERS.**

Certifying non-federal screeners for transfer of excess property will be done by HHS components sponsoring the screener through the appropriate GSA office. Non-federal agency screeners must have an approved GSA form 2946, Screeners Identification Card.



**Subpart 103-43.4      RESERVED**



**Subpart 103-43.5 UTILIZATION OF FOREIGN EXCESS PERSONAL PROPERTY**

**103-43.501 HHS POLICY.**

Foreign excess personal property when available for return to the United States, with domestic personal property is a first source of supply for HHS components. HHS components will, to the maximum extent practical, fulfill its requirements for personal property by obtaining domestic or foreign excess personal property.

**103-43.502 FOREIGN HHS HOLDING COMPONENT RESPONSIBILITIES.**

- A. HHS components located in foreign countries are responsible for disposal of their excess personal property as provided by Title IV of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 511 et seq.) or by other governing statute. Foreign excess may be used in authorized Federal programs outside the U.S. before making it available for return to the U.S. for further screening for federal use or donation.
- B. HHS components shall, with consultation of GSA, decide if it is in the best interest of the government to return the excess property to the U.S. for further federal use or donation screening.

**103-43.503 PAYMENT OF COSTS.**

All direct costs in the shipment of foreign excess property to a transferee shall be billed to the transferee either by GSA or the HHS component. Agreement for payment of all direct costs by the transferee should be in writing before shipment of the property.

**103-43.504 DONATIONS.**

Excess personal property located in foreign countries and determined to be donable may be donated on a "where is, as is" basis following FPMR 101-44.3.

**Subpart 103-43.47 REPORTS**

**103-43.47 SCOPE.**

This subpart prescribes the requirements for reporting the utilization and disposal of personal property.

**103-43.4701 PERFORMANCE REPORTS.**

Consolidated annual reports will be submitted to OGAM/ASMB as follows:

- A. Annual Report of Utilization and Disposal of Excess and Surplus Personal Property on SF-121 due November 1.
- B. Annual Report of Property Provided to Non-Federal Recipients. This report will be in letter form. Negative reports are required. The report is due December 1. The report will contain:
  - 1. Name and address of each recipient.
  - 2. Type recipient, for example: grantee, cost-reimbursement contractor, non-Federal agency, etc.
  - 3. Total original acquisition cost of property identified by two digit FSC Group.

**Subpart 103-43.48 EXHIBITS**

**103-43.4800 SCOPE.**

This subpart references exhibits information discussed in the text of Part 103-43 that is not suitable for inclusion.

**103-43.4801 EXCESS PERSONAL PROPERTY REPORTING REQUIREMENTS.**

The FPMR at 101-43.4801 contains a table that specifically identifies by Federal Supply Classification excess personal property that is reportable and that is not reportable to GSA for disposal, and disposal condition codes property candidates must meet. Property management activities will follow the instruction contained therein.

**103-43.4802 GSA REGIONAL OFFICES.**

The GSA Regional offices addresses and the geographic areas for which they are responsible for providing services are in the FPMR at 101-43.4802. All GSA Regional Offices do not perform all property management functions, however a customer liaison contact is located in each. HHS components will deal with the appropriate GSA Regional office for all property management functions that require GSA participation.

**103-43.4803 GOVERNMENT CORPORATIONS.**

A listing of wholly owned and mixed ownership corporations are provided for information in the FPMR at 101-43.4803.

**103-43.4804 DEMILITARIZATION CODES.**

Codes and instructions for demilitarization of personal property are provided in the FPMR at 101-43.4804, These codes will be used to identify applicable items reported as excess to GSA.

Subpart 103-43.49 ILLUSTRATIONS OF FORMS

103-43.4900 SCOPE.

Refer to FPMR 101-43.4900 for description of forms prescribed for use in connection with the subject matter in other parts of LMM 103-43. The enclosed chart depicts the disposal cycle for unrequired property after it is reported to GSA.

Part 103-44 - DONATION OF PERSONAL PROPERTY

Section

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103-44.001 Definitions

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103-44.103 Care and handling pending donation  
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- 103-44.301 Holding agency responsibilities
- 103-44.302 Donation screening
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Subpart 103-44.4 DONATIONS TO SERVICE  
EDUCATIONAL ACTIVITIES

- 103-44.400 General

THIS PART DOES NOT APPLY TO FEDERAL AGENCIES.

Subpart 103-44.5 DONATIONS TO PUBLIC AIRPORTS

- 103-44.500 General

Subpart 103-44.6 DONATIONS TO THE AMERICAN RED CROSS

- 103-44.600 General
- 103-44.601 Donation approval
- 103-44.602 Cooperation of holding agencies
- 103-44.603 Action by the Red Cross
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Subpart 103-44.7 DONATIONS OF PROPERTY TO PUBLIC  
BODIES

- 103-44.700 Scope
- 103-44.701 Findings justifying donation to public bodies
- 103-44.702 Donations to public bodies
- 103-44.702-1 Authority
- 103-44.702-2 Disposal costs
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Subpart 103-44.8 RESERVED

Subpart 103-44.9 MISCELLANEOUS STATUTES

103-44.9            Scope

Subparts 103-44.10 through 103-44.46 - RESERVED

Subpart 103-44.47    REPORTS

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Subpart 103-44.48    RESERVED

Subpart 103-44.49    ILLUSTRATIONS OF FORMS

103-44.4900        Scope



**Subpart 103-44 DONATIONS**

**103-44.000 SCOPE.**

This part prescribes policies and methods governing the donation of HHS surplus property. Additional guidelines regarding the donation of hazardous materials and certain other categories of property prescribed in LMM 103-42 and FPMR 101-42.

**103-44.001 DEFINITIONS.**

Definitions of terms in this Subpart are found in the FPMR at 101-44.001.



**Subpart 103-44.1 GENERAL PROVISIONS**

**103-44.101      WITHDRAWAL OF DONABLE PROPERTY.**

HHS components may withdraw surplus personal property that has been set aside or approved for donation with the prior approval of GSA. In emergencies (i.e., disasters, programmatic needs) requiring immediate action, GSA approval is not required. However, GSA shall be notified immediately of the action taken. Documentation will be furnished upon request by GSA.

**103-44.102      COOPERATION OF HHS COMPONENTS.**

- A. HHS components, that are holding excess/surplus property, shall cooperate with all duly authorized participants in the donation program. Screeners authorized by the General Services Administration (GSA), and possessing a valid GSA form 2946, Screener's Identification, shall be afforded access to surplus property set aside for donation. HHS holding components shall provide a period of 21 calendar days following the surplus release date (SRD) for donation screening. Surplus property requested in writing by the donee shall be retained for a maximum of 42 days from the surplus release date (SRD) until receipt of an approved SF-123, Transfer Order Surplus Personal Property. Surplus property will not be released by the holding activity for donation until an SF-123 bearing the signed approval of the appropriate GSA official is received.
- B. When an approved SF-123 is received, by the holding component, the recipient will be notified, in writing, that the property is available for removal by their agency. The recipient will be given 15 days to pick up property after the official notification is received.

**103-44.103      RESERVED.**

**103-44.104      COSTS INCURRED INCIDENT TO DONATION.**

- A. All transportation costs shall be borne by the State Agency or designated Donee who is responsible for removing the property or for making arrangements with common carriers for its shipment. HHS holding components will not act as an agent for the shipper. Until release each holding component is responsible for care and handling of its property.
- B. Direct costs, incurred by the holding component, in packing, loading, or preparing the property for shipment shall be borne by the designated donee. Where such costs are

incurred, they shall be reimbursed promptly by the designated donee upon appropriate billing by the holding office, unless the holding activity waives the amount involved as uneconomical or impractical to collect. (Refer to FPMR 101-44.104).

**103-44.105 ASSISTANCE IN MAJOR DISASTER RELIEF.**

- A. The Disaster Relief Act of 1974 authorizes Federal assistance to States, Local Governments and relief organizations. Assistance requested by the Federal Emergency Management Agency through the General Services Administration shall be honored expeditiously. (See FPMR 101-44.105).
- B. During any Disaster Relief effort, rely on the advice and guidance of the local GSA representative.

**103-44.106 RESERVED**

**103-44.107 DONATION OF PROPERTY WITHDRAWN FROM SALE.**

Requests for such withdrawals must be made by donees to GSA. HHS holding agencies shall not act on such requests presented directly to them from donees. (See FPMR 101-44.107).

**103-44.108 DONATION OF SPECIAL CATEGORIES OF PROPERTY.**

Special instructions from GSA on a case by case basis apply for donation of the special categories of property.

**103-44.108-1 MEDICAL MATERIALS AND SUPPLIES AND SHELF-LIFE ITEMS.**

Refer to FPMR 101-44.108-1.

**103-44.108-2 AIRCRAFT.**

Refer to FPMR 101-44.108-2.

**103-44.108-3 [RESERVED].**

**103-44.108-4 [RESERVED].**

**103-44.108-5 BEDDING AND UPHOLSTERED FURNITURE.**

Refer to FPMR 101-44.108-5.

**103-44.108-6 TAX-FREE ALCOHOL OR SPECIALLY DENATURED ALCOHOL.**

Refer to FPMR 101-44.108-6.

**103-44.108-7 FRANKED AND PENALTY ENVELOPES AND PAPER WITH  
OFFICIAL LETTERHEAD.**

Refer to FPMR 101-44.108-7.

**103-44.108-8 [RESERVED].**

**103-44.108-9 DONATION OF VESSELS.**

Refer to FPMR 101-44.108-9.

**103-44.108-10 [RESERVED].**

**103-44.109 DONATION SCREENING PERIOD.**

The established screening period for both reportable and non-reportable donable surplus property is 21 calendar days following the surplus release date.

**103-44.110 TRANSFER ORDERS FOR SURPLUS PERSONAL PROPERTY.**

This paragraph applies to donees requesting surplus personal property from HHS holding components. (See FPMR 101-44.110).

**103-44.111 PREPARATION AND PROCESSING OF TRANSFER ORDERS.**

This part applies to Donees. (See FPMR 101-44.111).

**103-44.112 APPROVAL OR DISAPPROVAL OF TRANSFER ORDERS.**

HHS holding components shall not release surplus property held for donation until they have received an SF 123 bearing the signed approval of the appropriate GSA regional official.

**103-44.113 REJECTION OF PROPERTY APPROVED FOR TRANSFER.**

This paragraph applies to donees and GSA. (See FPMR 101-44.113).

**103-44.114 PICKUP OR SHIPMENT.**

- A. Surplus property requested by an authorized donee shall be retained up to 42 calendar days pending receipt of an approved SF-123. At the end of the 42 day period and an approved SF-123 is not received by the holding component, the holding component may proceed with the sale or other authorized disposal of the property.

- B. Upon receipt of an approved SF-123 from an authorized donee, the holding component shall promptly notify the transferee of the availability of the property. The transferee will remove the property within 15 days from the date of receipt of notification.
- C. The transferee is responsible for removing the property. The Property Management Officer or other representatives of the HHS holding component shall not act as the agent or shipper for the transferee.
- D. HHS holding components will adhere to the specific time frames of the procedures described in this section to assist in reducing storage congestion of surplus donable property.

**103-44.115 OVERAGES AND SHORTAGES.**

This paragraph concerns the transferee and GSA. (See FPMR 101-44.15).

**103-44.116 CERTIFICATION OF SCREENERS.**

- A. HHS holding components shall not permit prospective donees to screen surplus donable property unless donees have in their possession an approved GSA Form 2946, Screener's Identification.
- B. Prospective screeners without proper identification shall be referred to the GSA Regional office nearest the HHS holding activity for instructions on becoming an authorized screener.

**103-44.117 RECOVERY OF PROPERTY FOR FEDERAL USE.**

Requirements will be coordinated with the appropriate GSA regional office who will arrange for recovery with donees.

**103-44.118 NONDISCRIMINATION.**

Donees must comply with the provisions of FPMR 101-44.118.

**Subpart 103-44.2 DONATIONS TO PUBLIC AGENCIES AND  
NONPROFIT EDUCATIONAL AND PUBLIC HEALTH  
ACTIVITIES**

**103-44.200 SCOPE.**

This subpart prescribes policies, authorities and responsibilities governing the donation of HHS surplus personal property to Public Agencies, Nonprofit Educational and Public Health Activities.

**103-44.201 AUTHORITY.**

Only the Administrator of GSA is authorized to transfer or direct the transfer for donation to states of surplus personal property that is under the control of HHS components. HHS activities may make direct donations of surplus personal property only under the provisions of FPMR Subpart 101-44.7.

**103-44.202 STATE PLAN OF OPERATION.**

Each State Agency for Surplus Property (SASP) and GSA are responsible for this operation. (See FPMR 101-44.202).

**103-44.203 ALLOCATION OF DONABLE PROPERTY.**

The criteria under which donable property is allocated among the states is FPMR 101-44.203. This is a function of the GSA Regional Offices.

**103-44.204 CERTIFICATION AND AGREEMENT BY A STATE AGENCY.**

States that request the transfer of donable surplus personal property must certify and agree to certain terms and conditions. These are set forth in FPMR 101-44.204. Certifications and agreements are a function of GSA. HHS components are not a part of this operation.

**103-44.205 PROPERTY IN THE POSSESSION OF A STATE AGENCY.**

FPMR 101-44.205 describes the management procedures that a State agency or an eligible donee must agree to when it receives surplus personal property from the Federal Government.

**103-44.206 COOPERATIVE AGREEMENTS.**

HHS components may enter into cooperative agreements with a State agency for the use of property, facilities, personnel, and services. To do so the HHS component must be designated by GSA

for this purpose. Procedures for this action are covered in FPMR 101-44.206.

**103-44.207      ELIGIBILITY.**

HHS components are not involved in deciding eligibility of agencies in the individual states. (See FPMR 101-44.207)

**103-44.208      PROPERTY DISTRIBUTED TO DONEES.**

The GSA applies the methods and procedures in FPMR 101-44.208 for the distribution of surplus property to donees.

**Subpart 103-44.3      DONATIONS OF FOREIGN EXCESS PERSONAL  
PROPERTY**

**103-44.300      SCOPE.**

This subpart prescribes policies and methods governing the return of foreign excess personal property to the United States for donation.

**103-44.301      HOLDING COMPONENT RESPONSIBILITIES.**

HHS components, as appropriate, shall make available to GSA for selection and return to the U.S. for donation foreign excess medical materials or supplies, prior to any sale, exchange, lease or donation outside the United States.

**103-44.302      DONATION SCREENING.**

Screening of foreign excess property will be accomplished on-site by the duly authorized representative of a state agency for surplus property. The Screening period shall be at least 10 calendar days unless otherwise agreed to by the holding activity and GSA. (See FPMR 101-44.302)

**103-44.303      DONATION APPROVAL.**

GSA will approve donations of foreign excess personal property. HHS components will not release such property for donation until an SF-123, Transfer Order Surplus Personal Property has been received bearing signed GSA approval.

**103-44.304      SHIPMENT.**

HHS components may provide packing, handling, crating and transportation services for foreign excess personal property for approved donees only, and on a reimbursable basis only.

**103-44.305      COSTS INCURRED INCIDENT TO DONATION.**

All transportation costs incurred incident to donation, including packing, handling, and crating, shall be borne by the state agency or the donee institution receiving the property. HHS components shall bill the recipient for costs incurred promptly on shipment.

**103-44.306      STATISTICS AND REPORTS.**

These reports are duties of the General Services Administration. (See FPMR 101-44.306).



Subpart 103.44.4      DONATIONS TO SERVICE EDUCATIONAL  
                                 ACTIVITIES.

103-44.400      GENERAL.

This subpart is applicable only to the Department of Defense and the GSA. It is not applicable to HHS components.



Subpart 103-44.5 DONATIONS TO PUBLIC AIRPORTS

103-44.500 GENERAL.

HHS components may transfer directly to specific public airport applicants, donable surplus personal property. Such donations require prior approval of the Administrator of GSA; and, the property must have been determined by the Administrator of the Federal Aviation Administration to be essential, suitable, or desirable for the development, improvement, operation, or maintenance of a public airport. Authorities, responsibilities and procedures to be used for such transfers are set forth in FPMR 101-44.5.



**Subpart 103-44.6 DONATIONS TO THE AMERICAN NATIONAL RED CROSS**

**103-44.600 GENERAL.**

Pursuant to section 203(1) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484) as amended, personal property in the custody of HHS components, which has been determined to be surplus, and has been identified as having been processed, produced, or donated by the American National Red Cross shall be made available for donation back to the American National Red Cross unless otherwise directed by GSA.

**103-44.601 DONATION APPROVAL.**

The donation of the surplus property by HHS components that the American Red Cross is eligible to receive, shall not require further approval by GSA unless the property has an estimated value in excess of \$500 or, in the case of blood plasma, consists of a quantity in excess of 1000 units. The GSA Regional Administrator for the area in which the property is located may approve the official request from the Red Cross for charitable purposes when the property exceeds these amounts.

**103-44.602 COOPERATION OF HOLDING AGENCIES.**

HHS components shall advise the Red Cross National Headquarters, by letter, Attention: General Supply Office, 17th and D Streets, N.W., Washington, D.C. 20006, of surplus property in their custody that meets the criteria stated in LMM 103-44.600 above. Quantity, description, condition and location will be provided.

**103-44.603 ACTION BY THE RED CROSS.**

When advised by HHS components of available surplus property, the Red Cross may inspect or request the property. The formal request for shipment shall be transmitted to the holding component within 20 calendar days from the date of notification. Any approvals required will be accomplished by the American Red Cross and GSA prior to release by the HHS holding component.

**103-44.604 TRANSFER BY HOLDING AGENCY.**

HHS holding components shall transfer direct to the Red Cross, upon receipt of the request and shipping instructions, all items of surplus property requested. The shipments shall be made f.o.b. installation, transportation charges collect.  
(See FPMR 101-44.604).

**103-44.605      DONABLE PROPERTY DETERMINED UNUSABLE BY THE RED  
CROSS.**

When the Red Cross declines offered surplus property it shall be disposed of as other surplus. When the Red Cross property is offered for other disposal, the disposal document shall provide for a certification to the effect that all Red Cross labels or other Red Cross identifications will be obliterated or removed from the property before use by the recipient or transfer by him to other users.

Subpart 103-44.7 DONATIONS OF PROPERTY TO PUBLIC BODIES

103-44.700 SCOPE.

This subpart prescribes policies and methods for the donation of personal property that has no commercial value or of which the estimated costs of continued care and handling exceed the estimated proceeds from its sale by HHS components to any public body as defined in FPMR 101-44.001-11. Such property will be nominated for donation by the appropriate PMO assisted by the PAO. The provisions of this subpart do not apply to:

- A. Surplus property donated for the purposes stated in LMM subparts 103-44.2 and 103-44.5; or
- B. Controlled substances (as defined in LMM 103-42 and FPMR 101-42).

103-44.701 FINDINGS JUSTIFYING DONATION TO PUBLIC BODIES.

- A. Property shall not be donated to public bodies by HHS components unless it is affirmatively found in writing by a duly authorized official of the component either that:
  - 1. The property has no commercial value.
  - 2. The estimated cost of its continued care and handling would exceed the estimated proceeds from its sale.
- B. Findings shall not be made by any official directly accountable for the property covered.
- C. When a single line item of property to be disposed of under the provisions of this subpart has an acquisition cost of \$ 1,000 or more (estimated if no known), finding shall be approved by the component survey officer or an official designated by the head of the component's administrative activity.
- D. Justifications and approvals will be incorporated in appropriate property files.

103-44.702 DONATIONS TO PUBLIC BODIES.

103-44.702-1 AUTHORITY TO DONATE.

The Secretary of HHS is authorized to donate property to public bodies following LMM subpart 103-44.701-1.

**103-44.702-2     DISPOSAL COSTS.**

Any public body receiving property under the provisions of this subpart shall pay the disposal costs incident to the donation such as packing, preparation for shipment, loading, and transportation.

**103-44.702-3     HAZARDOUS MATERIALS.**

When hazardous materials as defined in LMM 103-42 and FPMR 101-42 are donated to a public body following this subpart, the head of the component or designee authorized to make donation shall be responsible for safeguards, notifications, and certifications required by LMM 103-42, and compliance with all other requirements therein.

**Subpart 103-44.47 REPORTS**

**103-44.4701 REPORTS.**

Donations will be reported annually by HHS components to the OGAM/ASMB. Data will be incorporated in reports required by LMM 103-43.4701 as follows:

Utilization and Disposal of Excess and Surplus Property on Standard Form 121, due November 15, for all donations.



Subpart 103-44.49 ILLUSTRATIONS OF FORMS

103-44.4900 SCOPE.

Refer to FPMR 101-44.4900 for forms.



Part 103-45      SALE, ABANDONMENT, OR DESTRUCTION OF PERSONAL  
PROPERTY

Section

103-45.000

Scope

103-45.001

Definitions

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Subpart 103-45.9      ABANDONMENT OR DESTRUCTION OF  
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103-45.900	Scope
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Subpart 103-45.10 RECOVERY OF PRECIOUS METAL

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103-45.1004 Recovery and use of precious metals through the DOD Precious Metals Recovery Program  
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Subpart 103-45.47 REPORTS

103-45.4700 Scope  
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Subpart 103-45.49 ILLUSTRATIONS OF FORMS

103-45.4900 Scope

**Part 103-45      SALE, ABANDONMENT, OR DESTRUCTION OF PERSONAL  
PROPERTY**

**103-45.000      SCOPE.**

This part prescribes policies and methods governing disposal by public sale, abandonment, or destruction of Government personal property (including salvage, scrap, and waste materials) owned by HHS except foreign excess and the recovery of precious metals. Additional guidelines regarding the sale, abandonment, or destruction of hazardous materials are prescribed in LMM 103-42 and FPMR 101-42.

**103-45.001      DEFINITIONS.**

Definitions of terms in this Subpart are found in the FPMR at 101-45.001.



**Subpart 103-45.1 GENERAL.**

**103-45.101 APPLICABILITY.**

This part applies to all components of HHS.

**103-45.102 NEEDS OF FEDERAL AGENCIES HAVE PRIORITY.**

Any Federal Agency expressing a need for personal property shall have priority over any disposal. However, such needs must be made known to the holding or selling agency prior to the actual removal from Government control for sales. Transfer will then be made to the requesting agency following the policy contained in LMM 103-43.3 for utilization of excess property.

**103-45.103 SALES RESPONSIBILITIES.**

**103-45.103-1 RESPONSIBILITIES OF THE GENERAL SERVICES ADMINISTRATION (GSA).**

The responsibilities of the GSA regarding sales of personal property for HHS components shall be found in the FPMR at 101-45.103-1.

**103-45.103-2 RESPONSIBILITIES OF HHS.**

HHS holding components shall be responsible for:

- A. Providing the appropriate GSA regional office with the following information:
  - 1. A completed SF 126, Report of Personal Property for Sale.
  - 2. A note shall be attached if requesting permission to hold the sale on-site.
  - 3. Accounting data for appropriate application of gross proceeds.
- B. Transporting property to a consolidated sales site when agreed to by the component and GSA.
- C. Providing for the inspection of property by prospective bidders.
- D. Providing facilities for the conduct of sales and the essential administrative, clerical or labor assistance when requested by GSA.

E. Assisting in the physical lotting of property to be sold.

**103-45.104 CARE AND HANDLING PENDING DISPOSAL.**

HHS components shall be responsible for all the costs connected with the care and handling of its property pending disposal.

**103-45.105 EXCLUSIONS AND EXEMPTIONS TO GSA SALES.**

- A. After the required screening is completed, components may elect to sell personal property, except hazardous material, where the estimated proceeds from the sale will not exceed \$5,000. GSA shall be notified of these local sales by HHS components.
- B. Sales that are anticipated to exceed \$5,000 must be approved in advance by the appropriate GSA regional office. A copy of the approval will be kept with the sale records.

**103-45.106 PROPERTY CONTROLLED BY OTHER LAW.**

No HHS property shall be disposed of in violation of any applicable law.

**103-45.107 HHS HOLDING COMPONENTS COMPLIANCE FUNCTION.**

HHS components shall refer to and follow the directions of the FPMR at 101-45.107 for holding agency compliance.

**Subpart 103-45.3 SALE OF PERSONAL PROPERTY**

**103-45.300 SCOPE.**

This subpart prescribes policies and methods governing the disposal of Government property by sale.

**103-45.301 POLICY.**

GSA will act as the sales agency of the Government in the sale of personal property under control of HHS components including surplus, contractor's government-owned inventory, and property designated to be sold for replacement except for property exempted under LMM 103-45.105.

**103-45.302 SALE TO GOVERNMENT EMPLOYEES.**

HHS employees are permitted to purchase Government personal property. However, when GSA authorizes a component of HHS to sell Government personal property, sales shall be prohibited to HHS employees who are accountable for or manage the property, or are involved with the sale of the property. The term employee as used in this section includes an agent or immediate member of the household of the employee.

**103-45.303 REPORTING PROPERTY FOR SALE.**

- A. Reportable property that components have reported to GSA on an SF 120, Report of Excess Personal Property, for utilization and screening that is not transferred or donated, will be programmed for sale by the appropriate GSA regional office unless exemption is made under LMM 103-45.105.

NOTE: Property returned to the component by the GSA as uneconomical for sale by the GSA shall be considered as "SALVAGE". Components shall follow LMM 103-43.100-50.005B2b for disposal of the property.

- B. Non-reportable property not required to be reported for utilization and screening and any required donation screening that has been completed will be reported to the appropriate GSA regional office on an SF 126, Report of Personal Property for Sale by the responsible component. Commercial terminology will be used in fully describing the property on the SF 126.

NOTE: Property returned to the component by the GSA as uneconomical for sale by the GSA shall be considered as

"SALVAGE". Components shall follow LMM 103-43.100-50.005B2b for disposal of the property.

- C. Property declared surplus and programmed by GSA for sale and still in the possession of the HHS component, that component will afford prospective bidders all information available to the maximum extent possible during the inspection period prescribed in the sales offering. However, no information will be provided to a prospective bidder that is not available to all bidders.
- D. After full payment has been received from a successful bidder (buyer), the GSA regional office will notify the holding activity by copy of the GSA Form 27, Notice of Award, that property may be released to the purchaser. Upon completion of a sale, the holding activity will be provided additional copies of the GSA Form 27 for use as an internal accounting document. If a purchaser fails to remove property within the period specified, the GSA regional office will be advised of this fact, so appropriate action may be taken.
- E. Delivery of motor vehicles to purchasers will be evidenced by submission to the purchaser of a completed copy of SF 97, The United States Government Certificate of Release of Motor Vehicle. The form will be signed according to requirements established by component selling the vehicle. Great care shall be exercised by components to prevent blank copies of SF 97 from being obtained by unauthorized persons.

**103-45.304      SALES METHODS AND PROCEDURES.**

HHS components that want to conduct sales of personal property shall contact the GSA Region Sales office and request assistance. The sales methods and procedures are set forth in FPMR at 101-45.304.

**103-45.306      CONTRACTOR INVENTORY.**

Contractor and grantee inventory that has been determined to be surplus will be sold in the same manner as other surplus property. Consult the contract property administrator and/or component property manager for further guidance.

**103-45.307      PROCEEDS FROM SALES.**

Proceeds from sales of HHS surplus property will normally be assigned to the Treasury's miscellaneous receipts. Components may apply proceeds in whole or as a partial payment for similar

items required for replacement purposes, or in contractor inventory, as credit to contract costs.

**103-45.309 SPECIAL CLASSES OF PROPERTY.**

Special classes of property for purposes of this part are those listed in FPMR 101-45.309-1 to 101-45.309-12 that requires different handling.

**103-45.314 FEDERAL EXCISE TAXES.**

HHS components do not collect or handle these taxes. Any questions on these taxes shall referred to the Internal Revenue Service.

**103-45.315 EQUAL OPPORTUNITY CLAUSE IN CONTRACTS.**

This is a function of the GSA Sales Office. (See FPMR 101-45.315).



**Subpart 103-45.6      DEBARRED AND SUSPENDED BIDDERS**

**103-45.600      SCOPE.**

This subpart provides policy governing the debarment and suspension of bidders relative to the sales of personal property. This is a function of the GSA.

**103-45-601      POLICY**

HHS components shall contact the area GSA Sales Office, to obtain the list, and follow their directions on debarred and suspended bidders.



**Subpart 103-45.9 ABANDONMENT OR DESTRUCTION OF SURPLUS  
PROPERTY**

**103-45.900 SCOPE.**

This subpart prescribes the policies and methods governing the disposition of personal property by abandonment or destruction within HHS components. Additional guidelines regarding the abandonment or destruction of hazardous materials are prescribed in LMM 103-42 and FPMR 101-42.

**103-45.900-1 GENERAL.**

Abandonment or destruction is the culmination of a series of efforts to ensure maximum utilization of equipment, and is the final step of the disposal process that will result in the removal of equipment from the official property record when there is no further use to be derived from its retention. The normal disposal sequence is utilization, donation, sale and abandonment/destruction. OS, OPDIVs, and ROs shall develop abandonment or destruction operating procedures to include "NOTICE OF ABANDONMENT", "NOTICE OF DESTRUCTION" displays, abandonment or destruction certificates and any other statements, certificates, or notices needed to fully provide a clear record and audit trail of the action. Great care shall be taken when producing the operating procedures to provide for full justification and documentation that will insure audit trail visibility of all abandonment or destruction dispositions. Federal regulations covering abandonment or destruction of personal property are contained in the FPMR at 101-45.9.

**103-45.900-2 WHEN TO INITIATE ABANDONMENT OR DESTRUCTION  
PROCEDURES.**

Property returned to the component by the GSA as uneconomical for sale by the GSA shall be considered as "SALVAGE". Components shall follow LMM 103-43.100-50.005B2b for disposal of this property.

**103-45.901 AUTHORITY TO ABANDON OR DESTROY.**

- A. Approving Official. Each HHS component shall designate an official or officials to decide the authority selected from paragraph LMM 103-45.901B., which will be used as the basis for abandonment or destruction action. The designation (s) shall be made in writing, by name and position and title.
- B. Reviewing Official. Each HHS component shall designate an official or officials who will approve the authority used as

a basis for the abandonment or destruction action. The designation shall be made in writing.

- C. Further information on this subject may be obtained from the GSA Utilization and Disposal Procedures Guide. The guide may be obtained from:

Office of Customer Service and Marketing  
GSA/FSS  
Washington, D.C., 20406

**103-45.902 FINDINGS JUSTIFYING ABANDONMENT OR DESTRUCTION.**

- A. **Documentation.** Upon selection of the appropriate authority by the Approving Official, The HHS component shall prepare a written finding justifying the abandonment or destruction action. The written finding will include the following:
1. A detailed description of the equipment, its condition, and total acquisition cost.
  2. The authority, as selected from paragraph LMM 103-45.901 B, for abandonment action along with any pertinent supporting documentation.
  3. A statement describing the proposed method of destruction, i.e., burning, burying, etc., or the abandonment location.
  4. A statement that the proposed abandonment or destruction action will not be detrimental or dangerous to public health or safety, and will not infringe on the rights of other persons.
  5. The signature of the Approving Official, including the title and telephone number.
  6. For abandonment or destruction actions with an acquisition cost over \$1,000, the title, telephone number, and the signature of the Reviewing Official will be included besides the Approving Official.

**103-45.902-1 NOTICE OF PROPOSED ABANDONMENT OR DESTRUCTION.**

HHS components shall prepare the "NOTICE OF ABANDONMENT" or "NOTICE OF DESTRUCTION" following the components Standard Operating Procedures.

**103-45.902-2 ABANDONMENT OR DESTRUCTION WITHOUT NOTICE.**

The requirement for public notice is not required under the following circumstances:

- A. Immediate abandonment or destruction is in the best interest of the public because of the nature of the equipment, or because of the difficulty or expense of its care and handling. Written justification, approved by the Reviewing Official, shall be a part of the documented audit trail and shall show that:
  - 1. The value of the equipment is so little or the cost of care and handling is so great that its retention and advertising for sale are clearly uneconomical.
  - 2. Immediate abandonment or destruction is required because of health, safety, or security reasons.
  - 3. The items are unserviceable, expendable, property and its accumulation is uneconomical and not in the best interest of the Government.
- B. A single line item of equipment to be abandoned or destroyed at any one location at any one time has an acquisition cost of less than \$500.

**103-45.902-3 CERTIFICATION OF ABANDONMENT OR DESTRUCTION.**

Following the actual abandonment or destruction, a Certificate of Abandonment or Destruction shall be prepared to document the action and to provide an audit trail of the action. The certification shall be signed by the PMO or a designated representative and witnessed by another employee. (Refer to LMM 103-45.900).

**103-45.902-4 EFFECTS OF PATIENTS.**

- A. Effects of deceased patients. The disposal of monies and effects of deceased patients is not affected by rules and regulations pertaining to the disposition of property unclaimed or abandoned by others. Disposition of deceased patients' effects is to be accomplished following the rules and regulations of the hospital or institution. If questions exist, the component shall seek assistance from their legal office.

- B. Effects of patients other than deceased. If the whereabouts of a patient who left money and/or other personal effects at the institution cannot be determined, all monies are to be deposited in an appropriate account according to fiscal policy and procedures. Each deposit account is to identify the former patient. Other effects are to be held for six months and if unclaimed are to be disposed of as voluntarily abandoned property. A record is to be maintained identifying the former patient, listing his/her effects and describing any disposal action taken also an accounting for any proceeds if the effects are sold.

**Subpart 103-45.10 RECOVERY OF PRECIOUS METALS**

**103-45.1000 SCOPE.**

This subpart prescribes policies, procedures and environmental considerations for recovery of precious metals from excess and surplus personal property.

**103-45.1001 GENERAL.**

The market value of the precious metals is usually far greater than the recovery cost. Recovery also helps conserve valuable resources and benefits the environment by reducing pollution. It is the responsibility of the generating component to insure untreated hypo solution does not enter a waste stream leading to the environment. Installation of Silver Recovery Systems is the responsibility of the program user (i.e., Photography Laboratories, X-Ray Activities, etc.) unless recovery is accomplished through commercial service/sales contracts. Technical assistance and disposal of recovered precious metals will be provided by the component property management activities. Precious metals designated for recovery are gold, silver, and metals of the platinum group. Examples of precious metal bearing material, scrap and waste include used photographic fixing (hypo) solution, photographic/X-ray film, electronic/ADPE equipment; welding and brazing wire; anodes, batteries, dental scrap and alloys. Recovery of precious metals shall be expanded to the maximum extent practical.

**103-45.1002 HHS COMPONENT RESPONSIBILITIES.**

Each HHS component is responsible for implementation of a precious metal recovery program to include designation of a Precious Metals Recovery Program Monitor (PMRPM), surveys, recovery operations, internal audits, compliance with environmental laws concerning heavy metals, and submission of annual precious metals reports. Each component shall identify new activities that have the potential for generating recoverable precious metals.

**103-45.1002-1 PRECIOUS METALS RECOVERY SURVEYS.**

Components shall identify those activities that generate materials bearing precious metals. Components generating the material will be surveyed by the PMRPM to obtain information regarding actual or potential amount of recovery. Estimates of potential recovery may be obtained through use of testing papers for hypo solution; various charts, tables and scales for scrap film or other acceptable methods.

**103-45.1002-2 HHS COMPONENT REPORTING REQUIREMENTS.**

Annually each component generating precious metals scrap, will submit a consolidated report of recovered precious metals to the ASMB. Reports will be prepared on SF 291, Report of Activities Generating Precious Metals. Reports are due not later than November 1 of each year.

**103-45.1002-3 PRECIOUS METALS RECOVERY PROGRAM MONITOR.**

OS, OPDIVs and ROs shall designate an individual to monitor its precious metals recovery program. The monitor shall be knowledgeable of where precious metals may be found in the scrap generated by the agency and recovery procedures. The monitor should be selected from the property management component. Responsibilities of the precious metals monitor will include conducting and coordinating surveys, implementing and improving recovery procedures; monitoring the components' recovery program; providing technical assistance to generating activities and submitting the Standard Form 291, Report of Activities Generating Precious Metals.

**103-45.1002-4 INTERNAL AUDITS.**

Property management components will periodically audit the precious metals program. The audit shall insure proper control over the recovery, storage, and disposition of precious metals bearing materials. Elements for review will include document control and record maintenance; storage facilities and security controls; methods of recovery and equipment operation; and procedures for recovering precious metals through commercial service contracts, disposal through sales contracts or participation in the DOD Precious Metals Recovery Program.

**103-45.1003 RECOVERY OF SILVER FROM PRECIOUS METALS BEARING SCRAP.**

- A. Dental care components will save scrap gold, silver, silver amalgam, and platinum generated during dental care operations. Each type of precious metal will be kept separate. Records of generation of each type of precious metal will be maintained by the component. Accumulations of the material will be turned into the property management component for disposal. Disposal will be through sales by the General Services Administration or used in internal contracts. Components having an Interservice Support Agreement/Memorandum of Understanding with DOD/DLA Precious Metals Program may dispose of the material through that agency.

- B. Property Management components generating scrap from electronic equipment and Automatic Data Processing Equipment (ADPE) will recover parts/pieces from this scrap that contain precious metals. Examples of this scrap that contains various precious metals are circuit cards and connectors.
- C. The PMRPM shall provide technical assistance to generators of the above items.

**103-45.1003-1 RECOVERY OF SILVER FROM USED HYPO SOLUTION.**

Each component shall recover silver from hypo generated from photographic operations. Installation of a silver recovery system is the responsibility of the program user consistent with the quantity of used hypo solution generated. Small quantities of the hypo may be consolidated to a central recovery system. Recovered silver from hypo solution will be turned into the property management component for disposal. Components with commercial service/sales contracts for recovery of silver from these materials will coordinate with the PMRPM and the property management component when delivering collected silver. Hypo solution will not be discharged into the environment without proper safeguards according to Environmental Protection Laws and Regulations (See LMM 103-42)

**103-45.1003-2 RECOVERY OF SILVER FROM SCRAP FILM.**

Scrap film, photographic paper, and microfiche masters (black) are a major source of recovered silver. Photography and X-ray activities shall collect all film and photographic paper and hold for disposal through a commercial recovery contract, sale by GSA, or for turn-in to the DOD Precious Metals Recovery Program. The paper will be kept separate from the film. The Precious Metals Program Monitor and the property management component shall provide technical assistance to components generating scrap film and photographic paper.

NOTE: Processed color film, paper, and microfiche (blue film) shall not be collected for silver recovery. These items do not retain silver after development.

**103-45.1004 RECOVERY AND USE OF PRECIOUS METALS THROUGH THE DOD PRECIOUS METALS RECOVERY PROGRAM.**

Components are encouraged to use the DOD Precious Metals Recovery Program.

**103-45.1004-1 COMPONENT PARTICIPATION IN THE DOD PRECIOUS METALS RECOVERY PROGRAM.**

Components wishing to participate in the DOD Precious Metals Recovery Program should contact the Manager, DOD Precious Metals Recovery Program, Attention: DLA-MMSLD, Cameron Station, Alexandria, VA 22314, for further information. This program will provide assistance in all phases of precious metals recovery. DLA will provide recovery and other supporting equipment at no cost to participants in the program. This plan will, usually, require a formal Memorandum Of Understanding between DLA and the Component. DLA will provide recovered fine precious metals to participating agencies for use as Government Furnished Materials (GFM) or other authorized internal uses. There is a nominal charge for the recovered fine precious metals.

**103-45.1004-2 USE OF DOD-RECOVERED FINE PRECIOUS METALS.**

Components participating in the DOD Precious Metals Recovery Program requiring fine precious metals should submit a request to the Commander, Defense Industrial Supply Center (DISC), attention: DISC-YAB/GD, 700 Robbins Avenue, Philadelphia, Pennsylvania 19111-5096.

**Subpart 103-45.47 REPORTS**

**103-45.4700 SCOPE.**

This subpart prescribes the reporting requirements for the sale, abandonment, or destruction of personal property required by HHS.

**103-45.4701 PERFORMANCE REPORTS.**

Consolidated annual reports will be submitted by each OS, OPDIV, and RO to OGAM/ASMB as follows:

Sales, abandonment, and destruction will be incorporated in the Annual Report of Utilization and Disposal of Excess and Surplus Personal Property on SF-121 due November 15.



Subpart 103-45.49 ILLUSTRATION OF FORMS

103-45.4900 SCOPE.

Refer to FPMR 101-45.4900 for forms.



Part 103-46 UTILIZATION AND DISPOSAL OF PERSONAL PROPERTY  
PURSUANT TO EXCHANGE/SALE AUTHORITY

Section

103-46.000 Scope  
103-46.001 Definitions  
103-46.002 Deviations

Subpart 103-46.1 RESERVED

Subpart 103-46.2 AUTHORIZATION

103-46.201 HHS responsibilities  
103-46.201-1 Exchange or sale determination  
103-46.201-2 Transfer and exchange between Federal agencies  
103-46.202 Restrictions and limitations

Subpart 103-46.3 EXCHANGE AND SALE PROCEDURES

103-46.300 Scope  
103-46.301 Automatic data processing equipment (ADPE)  
103-46.302 HHS exchange procedures  
103-46.303 HHS sales methods and procedures  
103-46.304 HHS availability of proceeds of sale  
103-46.305 Reports.

Subpart 103-46.4 - 102-46.48 RESERVED



**Part 103-46      UTILIZATION AND DISPOSAL OF PERSONAL PROPERTY  
PURSUANT TO EXCHANGE/SALE AUTHORITY**

**103-46.000      SCOPE.**

This part prescribes policies and methods governing the use within HHS of the exchange/sale authority of section 201(c) of the Federal Property and Administrative Act of 1949, 63 Stat. 384, as amended (40 U.S.C. 481(c)). It is applicable to all HHS owned property worldwide. In addition to the requirements of this part LMM 103-46, the exchange/sale of hazardous materials shall be accomplished following the procedures in LMM 103-42 and FPMR 101-42.

**103-46.001      DEFINITIONS.**

Definitions of terms for this Subpart are found in the FPMR at 101-46.001.



**Subpart 103-46.2 AUTHORIZATION**

**103-46.201 HHS RESPONSIBILITIES.**

HHS components who want to replace personal property either within or outside the United States may exchange the item(s) for similar type of item(s). The proceeds from exchanges or sales are authorized to be applied in whole or in part for the replacement of personal property acquired.

**103-46-201-1 EXCHANGE OR SALE DETERMINATION.**

- A. HHS components considering exchange or sale of personal property must decide in each case whether exchange or sale will obtain the greater return for the Government.
- B. Estimating the Government's return by either method includes:
  - 1. All administrative and overhead costs.
  - 2. When a sales transaction for line item(s) processed has an estimated proceed of less than \$100, it is considered uneconomical.
  - 3. Exchange also can be impractical if the exchange allowance is unreasonably low.
- C. When both methods are impractical the personal property should be declared excess and processed following 103-43.

**103-46.201-2 TRANSFER AND EXCHANGE BETWEEN FEDERAL AGENCIES**

- A. HHS components having property other than automatic data processing equipment (ADPE) that has been determined to be available for exchange or sale will to the maximum extent practicable or economical and before any disposal action, solicit Federal agencies known to use or distribute this property and arrange for transfers. No attempt needs to be made to obtain further utilization of property eligible for replacement following replacement standards in FPMR 101-25.4.
- B. GSA will solicit other agencies requiring ADPE before deciding availability for exchange or sale after reporting according to FIRM 201-33.

**103-46.202 RESTRICTIONS AND LIMITATIONS.**

- A. Application of exchange allowances or sales proceeds are authorized when:
1. Item(s) exchanged or sold are similar to the item(s) acquired. Written documentation shall be made a matter of record to establish that the acquired item(s) and the replaced item(s) are similar and do not fall into the restricted Federal Supply classification groups.
  2. Items to be sold or exchanged are not excess and may not be property unrequired by the component. Items acquired must be necessary in the conduct of programs.
  3. Acquisitions will be on a one for one basis with sales and exchanges unless qualified under an exception stated in FPMR 101-46.202 (b) (3) (i).
  4. A written administrative determination is made to apply the exchange or sale proceeds to the item(s) being acquired.
  5. The transaction will foster the economical and efficient accomplishment of an approved program.
- B. Application of exchange allowances or sales proceeds are prohibited for items falling within the Federal Supply classification groups listed in the FPMR at 101-46.202.

**Subpart 103-46.3      EXCHANGE AND SALE PROCEDURES**

**103-46.300      SCOPE.**

This part prescribes the policies and methods governing the actual exchange or sale of property.

**103-46.301      AUTOMATIC DATA PROCESSING EQUIPMENT (ADPE).**

ADPE equipment qualifying for exchange or sale following this part must first be reported for possible reutilization within HHS and then among other Federal agencies. If not transferred as reutilization to another Federal agency, ADPE may be exchanged or sold.

**103-46.302      HHS EXCHANGE PROCEDURES.**

- A. Exchange transactions normally occur when a vendor delivers a replacement item(s) and removes the item(s) replaced. This is the most efficient and cost effective procedure.
- B. Exchange of item(s) that is/are not in use or when delivery of the replacement item(s) and removal of the item(s) replaced does not happen simultaneously creates additional administrative, handling, and storage cost and should be kept to minimum.

**103-46.303      HHS SALES METHODS AND PROCEDURES.**

The methods of sale, terms and conditions of sale, and forms prescribed in 103-45.304 also will be used in the sale of replacement property, except that negotiated sales of surplus personal property are not applicable to the sale of property being replaced.

**103-46.304      AVAILABILITY OF PROCEEDS OF SALE FOR HHS.**

- A. When property to be replaced is sold before the acquisition of the replacement property, the proceeds of the sale will be credited to the component's account, using Standard Form 1081 "Voucher and Schedule of Withdrawal and Credits," or other approved component forms.
- B. Proceeds of sales will be available for obligation for the acquisition of similar replacement item(s) of personal property during the fiscal year in which the sale is made and for one fiscal year thereafter.

- C. Proceeds of sales for personal property for which an obligation for replacement has not been made during the period stated above will be deposited into the U. S. Treasury as miscellaneous receipts.
- D. If it is determined at the time of collection that sales proceeds will not be applied to replacement acquisitions, the deposit should be made directly to the U. S. Treasury as miscellaneous receipts.
- E. When the replaced property is sold after the acquisition of the replacement property, the proceeds of sale may be deposited as a direct reimbursement credit to the appropriate account listed for the replacement of similar item(s) of personal property.

**103-46.305      REPORTS.**

- A. An annual report shall be submitted by December 15, in letter form on the transactions made under the exchange and sale procedures except transactions involving books and periodicals. Negative reports are required. See FPMR 101-46.305 for reports format.
- B. Reports shall be submitted to the OGAM/ASMB by each OS, OPDIV, and RO.

Part 103-48 UTILIZATION, DONATION, AND DISPOSAL OF ABANDONED  
AND FORFEITED PERSONAL PROPERTY

Section  
103-48.000 Scope  
103-48.001 Definitions

Subpart 103-48.1 UTILIZATION OF ABANDONED AND FORFEITED  
PERSONAL PROPERTY

103-48.100 Scope  
103-48.101 Forfeited or voluntarily abandoned property  
103-48.102 Abandoned or other unclaimed property

Subpart 103-48.2 DONATION OF ABANDONED AND  
FORFEITED PERSONAL PROPERTY

103-48.200 Scope  
103-48.201 Donation of forfeited distilled spirits, wine, and  
malt beverages

Subpart 103-48.3 DISPOSAL OF ABANDONED AND  
FORFEITED PERSONAL PROPERTY

103-48.300 Scope  
103-48.301 General  
103-48.302 Distilled spirits, wine, and malt beverages  
103-48.303 Firearms  
103-48.304 Property other than distilled spirits, wine, and  
malt beverages  
103-48.305 Disposition of proceeds from sale

Subparts 103-48.4 through 103-48.48 RESERVED

Subpart 103-48.49 ILLUSTRATION OF FORMS



**Part 103-48      UTILIZATION, DONATION, OR DISPOSAL OF ABANDONED  
AND FORFEITED PERSONAL PROPERTY.**

**103-48.000      SCOPE.**

This subpart prescribes policies and methods governing the utilization, donation and disposal of abandoned or forfeited personal property under the custody or control of HHS components. In addition to the requirements of LMM 103-48, the disposition of abandoned and forfeited hazardous materials shall be accomplished following the procedures in LMM 103-42 and FPMR 101-42.

**103-48.001      DEFINITIONS.**

Definitions of terms for this Subpart are found in the FPMR at 1-1-48.001.



**Subpart 103-48.1 UTILIZATION OF ABANDONED AND FORFEITED  
PERSONAL PROPERTY.**

**103-48.100 SCOPE.**

This subpart prescribes policies and methods for utilization and transfer of forfeited, voluntarily abandoned, or other unclaimed property found on premises that may come into the custody or control of HHS component. In addition to the requirements of this Part 103-48, the disposition of abandoned and forfeited hazardous materials shall be accomplished following the procedures in LMM Part 103-42..

**103-48.101 FORFEITED OR VOLUNTARILY ABANDONED PROPERTY.**

Refer to FPMR 101-48.101.

**103-48.102 ABANDONED OR OTHER UNCLAIMED PROPERTY.**

Refer to FPMR 101-48.102.



**Subpart 103-48.2      DONATION OF ABANDONED OR FORFEITED  
PERSONAL PROPERTY**

**103-48.200      SCOPE.**

This subpart prescribes policies and methods governing the donation of abandoned or forfeited property in the custody of HHS components.

**103-48.201      DONATION OF FORFEITED DISTILLED SPIRITS, WINE, AND  
MALT BEVERAGES.**

Refer to FPMR 101-48.201.



**Subpart 103-48.3      DISPOSAL OF ABANDONED AND FORFEITED  
PERSONAL PROPERTY.**

**103-48.300      SCOPE.**

This subpart prescribes policies and methods governing the disposal of abandoned, or other unclaimed, voluntarily abandoned, or forfeited personal property that may come into the custody of HHS components.

**103-48.301      GENERAL.**

Any property in the custody of a HHS component that is not desired for retention by that component and that has not been transferred or donated shall be disposed of following this subpart.

**103-48.302      DISTILLED SPIRITS, WINE, AND MALT BEVERAGES.**

These shall be destroyed if not required to be reported under FPMR 101-48.101-5(c)(4) to GSA. If required to be reported to GSA they will be destroyed following instructions received from GSA. A record of destruction showing time, place, nomenclature and quantities shall be made and retained in the appropriate property records.

**103-48.303      FIREARMS.**

HHS components shall not sell firearms. Refer to FPMR 101-42.1102-10.

**103-48.304      PROPERTY OTHER THAN DISTILLED SPIRITS, WINE, AND  
MALT BEVERAGES; AND FIREARMS.**

Such property will be sold following the procedures set forth in FPMR 101-48.304.

**103-48.305      DISPOSITION OF PROCEEDS FROM SALE.**

Proceeds shall be deposited in a special fund for abandoned or other unclaimed property, and in the Treasury of the U.S. as miscellaneous receipts for forfeited or voluntarily abandoned property. Applicable procedures are stated in FPMR 101-48.305.



Subpart 103-48.49 ILLUSTRATION OF FORMS.

103-48.4900 SCOPE.

Refer to FPMR 101-48.4900 for forms used in this Subpart.



Part 103-49 UTILIZATION, DONATION AND DISPOSAL OF FOREIGN  
GIFTS AND DECORATIONS

Section

103-49.000 Scope  
103-49.001 Definitions

Subpart 103-49.1 GENERAL PROVISIONS

103-49.101 Custody of gifts and decorations  
103-49.102 Care and handling  
103-49.103 Information on availability for Federal  
utilization or donation  
103-49.104 Reserved  
103-49.105 Appraisals  
103-49.106 Not used  
103-49.107 Sale to recipients  
103-49.108 Hazardous Materials

Subpart 103-49.2 UTILIZATION OF FOREIGN GIFTS AND  
DECORATIONS

103-49.200 Scope  
103-49.201 Reporting  
103-49.202 Transfer to other agencies  
103-49.203 Costs incident to transfer  
103-49.204 Gifts and decorations no longer required by the  
transferee agency  
103-49.205 Deposit of money and certain intangible gifts with  
the Department of Treasury

Subpart 103-49.3 DONATION OF FOREIGN GIFTS AND DECORATIONS

103-49.300 Scope  
103-49.301 Donation of gifts and decorations  
103-49.302 Requests for public agencies and eligible nonprofit  
tax-exempt activities  
103-49.303 Allocation  
103-49.304 Conditions of donations  
103-49.305 Costs incident to donation

Subpart 103-49.4 SALE OR DESTRUCTION OF FOREIGN GIFTS AND  
DECORATIONS

103-49.400 Scope  
103-49.401 Approval of sales by the Secretary of State  
103-49.402 Sale of gifts by GSA to interested recipients  
103-49.403 Sale of gifts by GSA to the public  
103-49.404 Proceeds from sales  
103-49.405 Destruction of gifts and decorations

Subparts 103-49.5 through 103-49.49

NOT USED

**Part 103-49 UTILIZATION, DONATION AND DISPOSAL OF FOREIGN GIFTS  
AND DECORATIONS.**

**103-49.000 SCOPE.**

This part prescribes policies and methods governing the utilization, donation, and disposal of gifts and decorations that HHS components or individuals may receive from foreign governments. Departmental policy regarding such gifts and decorations are contained in the HHS General Administration Manual, Chapter 20-25.

**103-49.001 DEFINITIONS.**

Definitions of terms used in this part are found in the FPMR at 101-49.001.



**Subpart 103-49.1 GENERAL PROVISIONS**

**103-49.101 CUSTODY OF GIFTS AND DECORATIONS.**

Recipients of foreign gifts and decorations must turn them into their employing HHS component. Gifts and decorations shall remain in the custody and be the responsibility of the HHS component. The recipient may express an interest to purchase the gift or decoration to the employing component. If the recipient does not express an interest in the purchase of the gift or decoration GSA will direct the disposition of the gifts and decorations when reported by the HHS component by:

- A. Transfer to Federal agencies;
- B. Donation for public display or reference purposes;
- C. Sale with the approval of the Secretary of State; or
- D. Destruction.

**103-49.102 CARE AND HANDLING.**

Each HHS component shall be responsible for, and bear the cost of, performing care and handling of gifts and decorations and for delivery to the physical custody of GSA.

**103-49.103 INFORMATION ON AVAILABILITY FOR FEDERAL UTILIZATION OR DONATION.**

GSA will provide information to HHS components on the availability of gifts and decorations that are reported to GSA by other Federal agencies.

**103-49.105 APPRAISALS.**

When a HHS employee is the recipient of a foreign gift(s) or decoration(s) and shows an interest in purchasing a gift, the HHS component shall obtain a commercial appraisal before reporting the gift to GSA. The gift shall then be reported to GSA on Standard Form 120 (SF-120) Report of Excess Personal Property, for utilization before sale to the recipient. The commercial appraisal may be attached to the SF-120 or furnished separately to GSA after completion of utilization screening.

**103-49-107 SALE TO RECIPIENTS**

Gifts and decorations found to have no Federal requirement by GSA may be offered for sale to the recipient.

**103-49.108      HAZARDOUS MATERIALS.**

In addition to the requirements of LMM 103-49, the disposition of foreign gifts and decorations that are hazardous materials shall be accomplished following the provisions of LMM 103-42.2 through 103-42.4 and FPMR 101-42.2 through 101-42.4.

**Subpart 103-49.2 UTILIZATION OF FOREIGN GIFTS AND DECORATIONS.**

**103-49.200 SCOPE.**

This subpart prescribes policies governing the utilization and transfer of foreign gifts and decorations.

**103-49.201 REPORTING.**

- A. Tangible gifts and decorations that are not retained for official use or are not returned to the donor shall be reported to GSA following the provisions of FPMR 101-49.201-1.
- B. The following gifts and decoration shall not be reported to GSA.
  - 1. Gifts and decorations returned to the donor;
  - 2. Gifts and decorations retained by the employing agency for official use, except upon ending of the official use;
  - 3. Gifts and decorations below minimal value (a retail value in the United States at the time of acceptance of \$225 or less) retained by employee recipients with the approval of HHS.
  - 4. Intangible gifts, including checks, money orders, bonds, shares of stock, and other securities and negotiable instruments (see LMM 103-49.205);
  - 5. Cash, currency, and money, except those with possible historic or numismatic value.

**103-49.202 TRANSFERS TO OTHER FEDERAL AGENCIES.**

Transfers of gifts and decorations may be made to other Federal agencies following FPMR 101-49.202.

**103-49.203 COSTS INCIDENT TO TRANSFER.**

All transfers of gifts and donations will be made without reimbursement, except that direct costs incurred in actual packing, preparation for shipment, loading, and transportation may be recovered from the transferee agency if billed following LMM 103-43.317.

**103-49.204**      **GIFTS AND DECORATIONS NO LONGER REQUIRED BY THE  
TRANSFeree AGENCY.**

Gifts and decorations no longer required by the HHS activity shall be reported as provided in FPMR 103-49.201.

**103-49.205**      **DEPOSIT OF MONEY AND CERTAIN INTANGIBLE GIFTS WITH  
THE DEPARTMENT OF TREASURY.**

Money, cash, currency, and such intangible gifts as checks, money orders, bonds, shares of stock, and other securities and negotiable instruments not required to be reported to GSA shall be deposited with the Department of Treasury by the HHS component following applicable finance laws and regulations.

**Subpart 103-49.3      DONATION OF FOREIGN GIFTS AND  
DECORATIONS.**

**103-49.300      SCOPE.**

This subpart prescribes policies governing the donations of foreign gifts and decorations to public agencies and nonprofit tax-exempt activities for public display purposes.

**103-49.301      DONATIONS OF GIFTS AND DECORATIONS.**

Only GSA will decide whether donations will be made. Determinations will be accomplished following FPMR 101-49.301.

**103-49.302      REQUESTS BY PUBLIC AGENCIES AND ELIGIBLE NONPROFIT  
TAX-EXEMPT ACTIVITIES.**

Policies and procedures set forth in FPMR 101-49.302 apply.

**103-49.303      ALLOCATION.**

Allocation of gifts and donations to eligible bodies will be accomplished following the policies and procedures contained in FPMR 101-49.303.

**103-49.304      CONDITIONS OF DONATION.**

Conditions for the donation of gifts and decorations to eligible bodies are contained in FPMR 101-49.304.

**103-49.305      COSTS INCIDENT TO DONATION.**

Costs incurred incident to donation; withdrawals of approved donations for HHS use; and withdrawals from sale to accomplish donation will be handled following the same provisions as for other donations as contained in LMM 103-44.



**Subpart 103-49.4 SALE OR DESTRUCTION OR FOREIGN GIFTS AND DECORATIONS.**

**103-49.400 SCOPE.**

This subpart prescribes policies governing the disposal by sale or destruction of foreign gifts and decorations.

**103-49.401 APPROVAL OF SALES BY THE SECRETARY OF STATE.**

This approval is requested and received by GSA before offering any gift for public sale. (See FPMR 101-49.401)

**103-49.402 SALE OF GIFTS BY GSA TO INTERESTED RECIPIENTS.**

GSA shall offer gifts through negotiated sales to a HHS recipient who shows an interest in purchasing the item(s). The HHS component shall include the interested recipient's mailing address and telephone number on the SF-120 submitted as provided in paragraph 103-49.105 of this subpart. The sale price shall be the appraised value plus the cost of the appraisal. GSA will document the sale.

**103-49.403 SALE OF GIFTS BY GSA TO THE PUBLIC.**

This is a GSA function. (See FPMR 101-49.403).

**103-49.404 PROCEEDS FROM SALES.**

This is a GSA function. (See FPMR 101-49.404).

**103-49.405 DESTRUCTION OF GIFTS AND DECORATIONS.**

Gifts, that are not sold under the provisions of this subpart, and decorations may be destroyed and disposed of as scrap for their material content. This is a GSA function.

